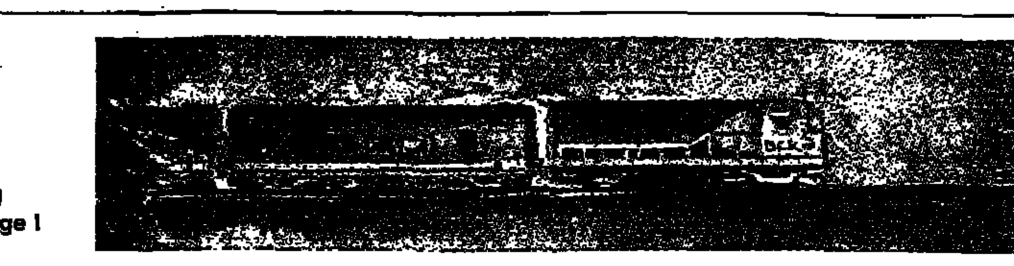
Japan's other offensive
Fifty years after Pearl Harbour, the US is struggling to come to terms with the growth of a rival superpower ....Page I



The wilder west
Nicholas Woodsworth revisits the Canadian badlands ....Page XX

Tainted heroes
Barry Riley asks why banks allow themselves to be conned ....Page I

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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D 8523A

WORLD NEWS

Maastricht agenda cleared for central issues

Ruud Lubbers, the Dutch host of Monday's Maastricht summit, has cleared the agenda of virtually all other matters to enable European Community leaders to reach agreement on political and monetary union.

According to the final draft text on economic and monetary union (Emu) which the Dutch presidency issued yesterday, these central questions include when the EC moves to a single currency and the formulation of Britain's right to opt out.

● Full story, Page 24
● The essential guide, Pages 4, 5
● Germany sees Emu as sign of strength, Dramatic art of compromise, Page 3
● Editorial comment, Page 8

Ukraine votes on treaty
The Ukrainian parliament voted overwhelmingly not even to consider the draft treaty for the Soviet Union.
Page 2; Winter of discontent, Page 9

Dubrovnik attacked
Yugoslavia's federal army launched a new attack on Dubrovnik in a move which could jeopardise United Nations attempts to send an international peacekeeping force to Croatia. Page 2

Libyan offer
Libya offered to hand over to an Arab country two of its nationals suspected by the west of blowing up a Pan Am aircraft over Lockerbie, Scotland, in 1988, Egyptian newspaper Akhbar al-Yom said.

Hawke sacks treasurer
Australia's Labor prime minister Bob Hawke sacked John Kerin as treasurer after only six months in office, as part of a limited reshuffle intended to revitalise his flagging government. Page 3

Sikhs kill 51
Sikh militants gunned down 10 people in Uttar Pradesh, northern India, bringing to 51 the death toll in an overnight shooting rampage.

Student Games loss
The World Student Games held in Sheffield in July has left the city facing a loss of £10m, double the predicted shortfall. Page 6

BR plan condemned
Privatisation of British Rail will lead to a deterioration in services and increased congestion on roads, Transport 2000, the public transport pressure group, said. Page 7

Expelled MP to stand
Terry Fields, the Liverpool MP expelled from the Labour party for alleged links with Militant, confirmed he would stand against Labour at the general election. Page 7

Firebombs found
Four incendiary devices were discovered at a postal sorting office in Bangor, north Wales.

Manuscript sets record
An autographed manuscript by Beethoven sold for £1.1m at Sotheby's in London, an auction record. Page 6

Polish prime minister
The Polish parliament tried to end the political uncertainty following October's elections by endorsing Mr Jan Olszewski as prime minister. Page 2

BUSINESS SUMMARY

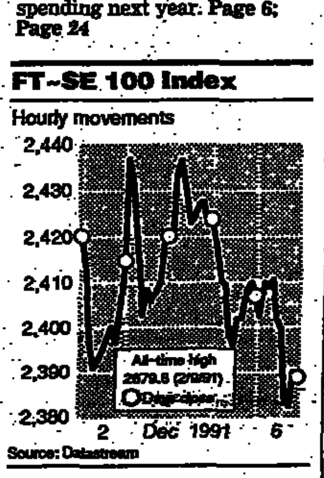
Rosehaugh losses increase to £226.6m

ROSEHAUGH, property developer, announced pre-tax losses of £226.64m for the year to the end of June, against losses of £165.5m last time. Its shareholders' funds declined from £470m to £164m.

The company, which has net debts of £810m, has breached its banking covenants and its auditors have qualified its accounts. Its 28 banks, led by National Westminster and Barclays, have signed a stand-still agreement until the end of January. Rosehaugh said it was confident that its banks would agree a refinancing. Page 11; Lex, Page 24

HIGH DEBT levels among consumers will not inhibit the expected UK economic recovery, the Treasury says in a defence of its projection of a 2.5 per cent rise in consumer spending next year. Page 6; Page 24

FT-SE 100 Index
Hourly movements



Source: Datastream

BT OFFER: A price of about 350p a share is expected to be set by the government on Monday for its £6bn BT sale. The 2.7m small investors who have applied for shares will only pay about 305p if they hold the stock until March 1993. Page 11; Lex, Page 24

TOTTENHAM Hotspur's proposed £7m rights issue is to be underwritten by Alan Sugar, the head of Amstrad. Page 24 and Lex.

WILLIAMS Holdings, industrial conglomerate, increased its hostile bid for Racal Electronics by adding a cash element valuing the new offer at £738m. Page 11

VOLVO, Swedish motor manufacturer, is closing a plant which produced Leyland buses at Workington, Cumbria, with the loss of 370 jobs. Page 6.

TOYOTA, Japan's leading motor manufacturer, expects to make 31,000 cars in the UK in 1993, the first full year of production, at its Burnaston, Derbyshire plant. Page 6; Earnings warning, Page 12

BRITISH AEROSPACE is expected to strengthen its top management next week by appointing George Simpson, Rover car group chairman, to the new post of chief operating officer. Page 11

CHANNEL tunnel will face a series of crises in the next few weeks which could delay its scheduled opening in June 1993. A case of tunnel vision, Page 9

IMPERIAL Chemical Industries sold its UK-based lime business to Minorco, overseas investment arm of the Anglo American-De Beers group of South Africa in a deal worth about £120m. Page 11

SUNDAY trading: More retailers, including Dixons and Currys electrical goods chains, announced they would open seven days a week. Page 6

Kevin Maxwell, chairman and publisher of the New York Daily News, with the newspaper's editorial staff. "I have no plans to leave," he said.

Police probe allegations that Maxwell eavesdropped on staff

Bugging devices at Mirror

By Raymond Snoddy, Bronwen Maddox, Robert Peston and Alan Friedman

THE City of London Police were last night investigating allegations that Mr Robert Maxwell bugged the offices of senior executives and a boardroom at Mirror Group headquarters.

Panels were yesterday removed from the former office of Mirror Group Newspapers' new chairman, Mr Ernest Burrington, to reveal the listening devices. It is believed that the office of Mr Lawrence Guest, the MGN finance director, were also tapped.

This latest discovery suggests that Mr Robert Maxwell was able to eavesdrop on conversations of senior directors who became concerned about the financial health of the Maxwell business in the weeks before he died on November 5.

It is believed that Mr Burrington, former editor of The People newspaper, became so concerned about cash flowing out of MGN that he told Mr Maxwell he intended to resign. Details of his departure had still to be finalised at the time of Mr Maxwell's death.

The bugging disclosure came at the end of another astonishing day in the saga of the Maxwell family's crumbling business empire, during which:

● One of Mr Maxwell's former close aides, Lord Donoughue, released a statement claiming that Mr Robert Maxwell had overruled investment directors when they "protested strongly" about the lending of shares from the Mirror pension fund later found to have gone to his private companies;

● It emerged that the loss-making New York Daily News was the probable beneficiary of £47m which vanished from MGN during the late summer;

● It also became clear that Mr Maxwell may have used cash borrowed from his public companies and their pension funds to buy shares in those companies Maxwell Communication Corporation and MGN, though he did not disclose such purchases at the time;

● Lloyds Bank appointed receivers, Grant Thornton, to Robert Maxwell Estates, the property subsidiary of the Maxwell family's private empire;

● The Serious Fraud Office is alleged to have extended its investigation to London & Bishopsgate International Investment Management (LBI), a fund-management operation controlled by Mr Robert Maxwell, which managed 10-15 per cent of the MGN and other Maxwell companies' pension pool;

● The Daily Mirror's editor, Mr Richard Stott, said he would lead a management buy-out attempt of MGN, supported by the venture capital group, Electra.

EMPIRE'S COLLAPSE
Page 10
MCC faces a tough fight to avoid liquidation
Kevin Maxwell grilled by baying NY media hounds
■ Maxwell's missing millions ....Page 8
■ Barry Riley: Tainted freestyle heroes ...Wkd I
■ Make sure your pension is safe ....Wkd II
■ Letter from Lord Shawcross ....Page 9

In a tense conference at the New York Daily News offices last night, Mr Kevin Maxwell refused to answer questions about his involvement in the transfer of money from Maxwell pension funds, one of the matters under investigation by the Serious Fraud Office.

Meanwhile, Lord Donoughue, who was executive vice-chairman of LBI until his departure in July, said in one of the first formal statements from a director of a Maxwell company, that he "has no knowledge whatsoever of any unorthodox transactions involving the sale of any assets of the Maxwell and Mirror Groups or of their pension funds".

It has now been disclosed that around £350m of the Mirror Group pension fund was used to finance private Maxwell companies. Stocks were initially lent to the private companies against collateral to protect the pension funds, and the private companies later sold this collateral.

However Lord Donoughue claimed that some of the stock lending took place without his knowledge, or that of the Mr Mark Tapley, LBI managing director. "Instructions were given directly to LBI's back office", he said.

When Lord Donoughue and Mr Tapley first discovered this in January 1991, "representations were made" to Mr Robert Maxwell and the stocks were returned "with a promise (from Mr Robert Maxwell) that such stock lending would cease".

However in July 1991 the two became aware that stock lending was continuing without reference to them and "protested strongly", asking Mr Robert Maxwell to raise the question at the next meeting of pension fund trustees.

Lord Donoughue says that "this was rejected by Mr Robert Maxwell" and in "vigorous exchanges" Lord Donoughue and Mr Tapley were instructed that this was the concern only of Mr Maxwell, who was chairman of LBI, and chairman of the pension trustees.

Separately it emerged that some of the cash siphoned from the public companies and their pension funds may have been used by Mr Robert Maxwell to support the share prices of MCC and MGN.

Before the private companies went into administration on Thursday, Coopers & Lybrand Deloitte, the accountants advising the banks, analysed the finances of the private companies on behalf of the banks.

They said they suspected some of the extracted funds had been invested in MCC and MGN shares.

Maxwell sons pledged shares MCC had agreed to sell

By Robert Peston

MR IAN MAXWELL and Mr Kevin Maxwell two weeks ago handed over to a Swiss bank shares that they had previously agreed to sell to a Japanese company.

Robert Maxwell Group, a private company whose directors include the two Maxwells, gave shares in Berlitz, the language school company, to Swiss Volksbank as security for a £40m short-term loan.

The shares were not owned by RMG but by Maxwell Communication Corporation, a public company only 68 per cent owned by the Maxwells.

MCC had already agreed, on November 7, to sell all its Berlitz shares for $265m (£146m) to Fukutake, a Japanese publishing company.

Swiss Volksbank now claims to own the shares, because RMG has not repaid the loan.

SVB said yesterday: "We got some collateral from RMG 14 days ago. Later we took control of the collateral". It is understood that the collateral in question is Berlitz shares.

"When their father died, Kevin and Ian promised a new style of management from their father", said a banker. "The Berlitz episode seems to undermine that".

Under company law, a public company's directors are restricted in their ability to dispose of company assets for the benefit of the directors.

Both Maxwells resigned from the board of MCC at the beginning of this week. MCC, under its new chairman, Mr Peter Laister, said yesterday it had recently discovered that Berlitz shares had gone missing and it said it was making "vigorous efforts to trace and recover these shares".

Because of their disappearance, it said that the timing of the completion of the sale to Fukutake could be delayed.

It has also emerged that 1.9m Berlitz shares were also pledged to Lehman Brothers, the US investment bank. Lehman took control of these shares in the last four weeks, but the shares were given to it as collateral much earlier – probably before Mr Robert Maxwell died on November 5.

RMG is one of the two master companies in the Maxwell empire. On Thursday, it was put into administration under UK insolvency law.

Fed fund rate cut on US job concerns

By Michael Prowse in Washington

THE US Federal Reserve cut short-term interest rates yesterday after employment figures, far weaker than expected, indicated the feared "double dip" recession may have arrived.

The Labour Department said non-farm employment fell by 241,000 in November, the largest decline since last winter's contraction in the US economy. Every sector was affected. Economists had expected a drop of about 30,000.

The Fed responded by signalling a quarter point cut to 4.5 per cent in the key federal funds (or overnight inter-bank) rate, which acts as a benchmark for interest rates throughout the economy.

Bond prices surged as Wall Street economists speculated that the Fed action was only an opening gambit in a fresh round of interest rate cuts.

The Fed will have to cut the discount rate, which at 4.5 per cent provides a floor for the federal funds rate, if it wishes to provide a substantial monetary stimulus.

Markets are also anticipating fiscal action. Mr Richard Darman, White House budget director, said the administration's priority was "to get the economy moving and get it moving quickly". President Bush said on Thursday he would pump an extra $9.8bn into the economy by accelerating planned public spending.

The administration is trying to stimulate the economy while sticking as close as possible to the fiscal discipline imposed by Congress.

It is considering cuts in capital gains tax, lower taxes for hard-pressed middle-income Americans, and tax credits to stimulate investment. However, any deal – likely to be unveiled in the State of the Union address next month – would have to be negotiated with the Democrat-controlled

Continued on Page 24

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London stocks, Page 15
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MARKETS

STERLING	DOLLAR	STOCK INDICES
New York lunchtime: $1.8115	New York lunchtime: DM1.5718, FFr5.375, SFr1.39, Y128.1	FT-SE 100: 2,388.7 (−18.3)
London: $1.8105 (1.7935), DM2.845 (2.85), FFr9.7275 (9.7375), SFr2.515 (2.525), Y232.0 (230.75), £ Index 90.8 (90.6)	London: DM1.5715 (1.589), FFr5.3725 (5.43), SFr1.389 (1.4075), Y128.1 (128.7)	FT Eurotrack 100: 1,041.38 (−8.75)
GOLD	Tokyo close: Y128.7	FT-A All-Share: 1,148.49 (−0.7%)
New York: Comex Feb $371.9 (370.0)	US LUNCHTIME RATES	New York lunchtime: DJ Ind. Av. 2,907.2 (+18.11)
London: $368.15 (384.75)	Fed Funds $4\frac{9}{16}$%	S&P Comp 380.93 (+3.54)
N SEA OIL (Argus) Brent Jan $19.175 (19.3)	3-mo Treasury Bills: yield: 4.326%	Tokyo: Nikkei 22,445.06 (−14.11)
	Long Bond: $102\frac{3}{4}$ yield: 7.756%	LONDON MONEY 3-month interbank closing $10\frac{11}{16}$ ($10\frac{21}{32}$)
		Liffe long gilt future: Mar ($95\frac{1}{2}$)

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Ukraine votes to ignore draft union treaty

By **Chrystia Freeland** in Kiev and **John Lloyd** in Moscow

THE Ukrainian parliament put what is likely to be the final nail in the coffin of the Soviet Union yesterday.

Buoyed by the huge endorsement of independence in last week's referendum, the parliament voted overwhelmingly not even to consider the draft union treaty.

Russian leader Boris Yeltsin has said that Russia will not join the union without Ukraine, and on Thursday Ukraine's new president, Mr Leonid Kravchuk, said he interpreted the referendum as a vote for separation. Yesterday's almost casual parliamentary resolution was the formal expression of that view.

The parliament also passed the second and final reading of two bills providing for the creation of independent Ukrainian armed forces and a separate Ukrainian defence system.

The legislation does not specify the size of the Ukraine armed forces, although it does indicate Ukraine's plans to build land, air, and sea forces. Ukraine's declaration earlier this autumn that it intended to maintain a 400,000-strong standing army provoked western fears and last month Ukrainian leaders scaled down their plans to between 100,000 and 200,000.

Kiev telephone lines are jammed and hotel rooms are scarce, as international delegations fall over themselves in a race to open political relations with the new eastern European giant.

Yesterday alone, the Ukrainian government received the Hungarian prime minister, special envoys from German chancellor Helmut Kohl and US President George Bush, and high-level delegations from Italy and Japan.

Japan, which had delayed recognition of Ukraine until its independence was formally recognised by Russia, is to send an ambassadorial mission to Ukraine as a first step to establishing diplomatic relations. Like other foreign states, Japan has accepted that the Soviet centre is now powerless, and is conducting negotiations on the future of the Kurile Islands – annexed by the Soviet Union after the war – exclusively with the Russian authorities.

Mr Vitaly Churkin, the Soviet foreign ministry spokesman, said Mr James Baker, US secretary of state, would visit the Soviet Union for talks with Soviet government leaders on December 15, and there were unconfirmed reports that he would also visit Ukraine.

Today the Ukrainians plan to turn their attention to their relationship with their eastern neighbours, when Mr Kravchuk travels to Minsk to meet with Mr Yeltsin and the Belorussian leader.

In Geneva, Mr Andrei Ozadovsky, Ukrainian ambassador to the United Nations, said Ukraine planned to establish economic links with neighbouring countries and other important states around the world and would eventually apply for membership of the European Community. It wished to play a full role in disarmament negotiations, and would join the European Helsinki process.

● Mr Georgy Matiukhin, chairman of the Central Bank of Russia, warned that Russia would take swift counter-measures if Ukraine carried out its intention to introduce its own currency. He told Reuter news agency yesterday: "If they do this they will immediately paralyse their economy. We will immediately stop all payments to them."

● The leadership of the Moldovan republic, on the south-western borders of the Soviet Union, yesterday broadcast an appeal on radio for UN assistance against Soviet army units which it said had "occupied" areas populated by ethnic Russians and had distributed weapons.

"Developments over the past few days show that a fascist-military political putsch has started against the Moldovan republic," said the statement, broadcast under the names of President Mircea Snegur and Prime Minister Valeriu Muravschi.

Presidential elections are to be held in Moldova tomorrow, with Mr Snegur the only candidate. However, the radical Popular Front has accused him of back-pedalling on unification with neighbouring Romania. Moldova consists largely of territory annexed from Romania in 1940.

Dubrovnik comes under fire again

By **Laura Silber** in Belgrade and **Judy Dempsey** in London

YUGOSLAVIA'S federal army yesterday launched a new attack on Dubrovnik, in a move which could jeopardise United Nations attempts to send an international peace-keeping force to Croatia.

The attack on the medieval city coincided with a wave of assaults by the army on the eastern Croatian city of Osijek, where, according to Belgrade radio, 10 people were killed and 64 wounded in yesterday's fighting.

It also precipitated the first retaliatory action from the United States which yesterday said it would implement economic sanctions against all six republics. Last week, the European Community lifted sanctions off all the republics except Serbia and Montenegro.

Mr Cyrus Vance, the UN special envoy, told journalists in Belgrade, the federal and Serbian capital, that he was "outraged to receive word of the shelling of Dubrovnik and Osijek. It's appalling to think that this is going on." He said he would immediately send a message of protest to General Veljko Kadijevic, the federal defence minister.

Mr Vance had returned from talks in Sarajevo, capital of the central republic of Bosnia-Hercegovina, where Mr Alija Izetbegovic, its president, wants UN peacekeeping troops to be sent to preserve peace and stop the civil war spreading.

However, Mr Radovan Karadzic, leader of Bosnia's Serbian Democratic party (SDS), which is part of the republic's coalition government of Moslems, Serbs and Croats, opposed the plan.

A diplomat yesterday said: "The scenario for the fighting to spill over into Bosnia seems to be the most likely," adding that the chances for deploying UN forces were decreasing because a lasting ceasefire, a precondition for sending troops, was not holding.

Despite this, Lord Carrington, chairman of the European Community-sponsored peace conference on Yugoslavia, is expected to hold talks with President Franjo Tudjman of Croatia, President Slobodan Milosevic of Serbia and Gen Kadijevic in The Hague on Monday.

The talks will take place against a background of louder calls by Austria and Germany for the recognition of Slovenia's and Croatia's independence. Germany said it expected both republics would be recognised by Christmas.

However, a statement issued earlier in the week by the Foreign Office in London said "recognition [of Croatia] would not by itself stop the fighting or protect the Croats."

A special meeting on Yugoslavia is also expected to take place among EC foreign ministers on December 16. Ministers will also discuss Ukraine's recent vote on independence.

For its part, the army denied it had attacked Dubrovnik, which had been relatively quiet after a six-week siege by the army.

Haitian refugees at the US naval base in Guantanamo Bay, Cuba, where a camp now holds more than 2,500 refugees picked up at sea by the US coast guard since the coup in Haiti two months ago.

Nato told to change strategy

By **David White,** Defence Correspondent

GENERAL Vladimir Lobov, chief of the Soviet general staff, yesterday urged Nato to take "more radical steps" to change its strategic thinking and called for new security arrangements whereby military power would be exercised under the auspices of the United Nations.

His remarks at the Royal Institute of International Affairs in London came a month after Nato's summit meeting in Rome to approve a new "strategic concept" reflecting the ending of the cold war.

Gen Lobov, installed as head of the Soviet armed forces after the attempted coup in August, put forward proposals for improving security in volatile regions, including the sharing of information from early warning systems.

He also pledged Moscow's backing for research on a worldwide system for protection against rogue ballistic missile attacks. This follows US proposals for a limited version of the "Star Wars" anti-missile programme.

Moscow's long-range nuclear missiles would be grouped in a new "strategic containment force" as one of four branches of its reorganised armed forces, Gen Lobov said, emphasising that these weapons would continue to be commanded from one centre.

He said Soviet forces were undergoing a drastic transformation but skirted questions about the implications of Ukrainian independence.

The military budget would continue to decline, he said. In the past three years, production of strategic missiles had fallen 40 per cent, infantry fighting vehicles 80 per cent, artillery pieces 60 per cent and combat aircraft almost 50 per cent.

Sparring over US tax cuts

By **George Graham** in Washington

DEMOCRATS and Republicans yesterday began sparring over their competing proposals to cut taxes, shedding all pretence of a calm, bipartisan discussion of the best fiscal package to stimulate the sluggish US economy.

For the Democrats, Mr Richard Gephardt, the House majority leader, championed a plan to give additional tax credits to middle-income families, paid for by higher income tax rates on the rich.

For the Republicans, Mr Newt Gingrich, the House Republican whip, denounced this plan as "cynical and destructive", and warned that President George Bush would veto any bill that included an increase in income tax rates.

Mr Gingrich's own package includes a cut in the capital gains tax rate, a new tax-exempt savings plan, and provisions to allow small businesses to write off new equipment against taxable income. The Democrats, in turn, denounced this plan as a giveaway to the rich.

Each side sought to blame the other for the recession.

The outbreak of partisan bickering made it appear less likely that any compromise could be achieved on a package of fiscal stimuli – which would, in any case, not take effect before 1993. But Mr Dan Rostenkowski, who as chairman of the House ways and means committee exerts strong control over tax legislation, still showed willingness to seek a deal with the administration and the Republicans.

Mr Rostenkowski was, nevertheless, critical of Mr Nicholas Brady, treasury secretary, and the administration's top economic officials, who have sought to steer a delicate course between their desire to provide some tax breaks to stimulate the economy, their reluctance to allow any measure which could aggravate the budget deficit, and their refusal to raise tax rates.

"Nick Brady said he recognises something has to be done for the middle class but he doesn't want to raise any revenues. I don't know, the tooth fairy is gone," Mr Rostenkowski complained.

Partial deal on Soviet debt sharing

By **John Lloyd**

TALKS between former Soviet republics on sharing the outstanding Soviet debt have resulted in a partial agreement on the proportions of debt each would shoulder.

However, there is no structure to oversee the repayment, and continuing uncertainty on how and when the debt would be repaid.

The agreement was made in the absence of eight of the 15 former republics, but with the participation of the two largest – Russia and Ukraine. These two have 61.34 and 16.37 per cent of the debt respectively, thus giving them control over decisions on the newly-created inter-republican council on foreign debt, which requires a majority of more than 75 per cent of the debt shares.

An agreement on the debt, estimated at around \$80bn (£45bn), has been insisted on by the Group of Seven nations in talks over the past two months. The G7 made it clear that an agreement to repay must precede any further lending to the republics – including the three independent Baltic republics.

However, the fact that most of the 15 republics did not sign the agreement, and that the Soviet Bank for Foreign Economic Affairs (Vnesheconombank) is now almost devoid of hard currency, casts doubt on whether the agreement has much force.

In addition, Ukraine has said it will not repay until it agrees on a division of assets as well as of debt, and may baulk at the G7 stipulation that each republic "jointly and severally" agree to honour the debt.

A statement published yesterday by the inter-republican economic committee claims that "all the sovereign states recognise the debt and the need to repay it" – but adds that "temporary difficulties may occur in the servicing of the foreign debt before the inter-republican council on foreign debt completes its analysis of the situation."

The inter-republican council has failed to elect a chairman because it lacked a quorum, according to Mr Anatoly Nosko, the Vnesheconombank deputy chairman. Vnesheconombank branches again refused to pay out foreign currency yesterday, claiming temporary difficulties which would be settled by Monday.

● President Mikhail Gorbachev, warning of possible unrest, asked republican leaders yesterday to help relieve food shortages in Moscow by delivering promised supplies.

Party launched to challenge Moi

MR Jaramogi Oginga Odinga, Kenya's former vice-president, yesterday formally launched the political party likely to lead the first democratic challenge to President Daniel arap Moi at a general election expected early next year, Michael Holman and Julian Ozanne report from Nairobi.

Mr Odinga, 80, speaking at a press conference in Nairobi, said he planned to register as a political party the Forum for the Restoration of Democracy (FORD), the informal coalition that has been campaigning for an end to one-party rule.

This will be done as soon as parliament repeals a constitutional ban on opposition parties, which should take place before Christmas.

Mr Odinga heads an alliance which brings together representatives of all of Kenya's main ethnic groups, experienced politicians and a rising younger generation of lawyers, academics and businessmen.

It will present a formidable threat to the ruling Kanu party by bringing together in opposition the two largest tribes in Kenya, the Luo and the Kikuyu.

Although the presidential candidate is yet to be named it is understood that Mr Odinga, the political figurehead of the Luo tribe, will be the leading contender.

Polish parliament endorses PM

THE Polish parliament yesterday tried to end the political uncertainty following October's elections by endorsing Mr Jan Olszewski, a 61-year-old lawyer nominated reluctantly by President Lech Walesa, as prime minister, Christopher Bobinski writes from Warsaw.

Mr Olszewski was chosen from the 460-strong Sejm, or lower house, after receiving 250 votes from five of the centre-right parties and their smaller allies. However, 47 left-wingers from the former communist parties opposed him, and 107 absention votes were mustered from the centre-left Peasant Coalition and the Democratic Union, a Solidarity group.

Mr Olszewski, who yesterday said he hoped to form a cabinet in seven days, told parliament the economic plight allowed "no government quick or easy successes". His government would appeal for further sacrifices, "shared equally".

● Mr Walesa yesterday nominated Ms Hanna Gronkiewicz-Waltz, a specialist in banking law, as president of the National Bank of Poland, PAP, the Polish news agency said, Reuters reports from Warsaw.

If parliament approves the nomination, Ms Gronkiewicz-Waltz will replace Mr Grzegorz Wojtowicz, who was suspended on August 9 as president of the central bank and later dismissed and arrested in a banking scandal.

NEWS IN BRIEF

Mitterrand suffers drop in popularity

President François Mitterrand's popularity is at its lowest since he took office in 1981, according to an opinion poll published yesterday, Reuter reports from Paris.

Only 31 per cent of French voters still have confidence in Mr Mitterrand, whose term runs until 1995, while two-thirds no longer trust him, the poll by the SOFRES institute for Le Figaro-Magazine showed.

Buffeted by rising unemployment, economic stagnation, disquiet over immigration and finance scandals, the Socialist president has tried to recapture the initiative over European unification and also plans to amend the French constitution.

World Bank loan for India

The World Bank has approved a \$500m (£278m) loan for India to support reforms of the state-dominated economy, a Bank spokesman said yesterday, Reuter reports from New Delhi.

The Bank's executive board said in Washington on Thursday another \$400m would be allocated next year to help finance reforms such as a plan to retrain workers who lose their jobs in a revamping of India's bloated public sector. The \$500m Structural Adjustment Loan is the first such loan the World Bank has given to India.

Korean order for Fokker jets

Fokker, the Dutch aircraft maker, said yesterday that Korean Airlines had placed firm orders for nine 100-seater Fokker 100s and taken an option on three more, writes Ronald van de Krol in Amsterdam.

It gave no financial details, but the price of a single Fokker 100 is about \$25m, valuing the deal at \$300m if the options are converted into orders. Deliveries of the aircraft will begin in April. Fokker said the Korean purchase signalled a recovery for aircraft in the 50-130 seat range after a long downturn sparked by the Gulf war.

Andes free trade zone

Five Andean nations will form a free trade zone and customs union from 1992, Reuter reports from Cartagena, Colombia.

Andean leaders agreed to abolish taxes on goods and services from other member nations and to set similar taxes for the import of goods and services into the group from third countries.

It is the most important accord by the Andean group, made up of Bolivia, Colombia, Ecuador, Peru and Venezuela.

Falklands meeting 'cordial'

Britain and Argentine officials agreed after two days of talks in London to extend a commercial fishing ban in Falkland Islands waters for a further year until the end of 1992, writes Stephen Fidler.

The officials also discussed, for the first time, potential co-operation on exploration for oil around the islands. A formal statement on what were expected to be largely procedural issues is to be issued in Buenos Aires and London on Monday.

The talks, during which the governments set aside the issue of sovereignty, were said by both sides to have been held in a "cordial and constructive" atmosphere.

US ruling on sackings

A decision by a Chicago federal appeals court is expected to ease fears of foreign companies operating in the US about anti-discrimination lawsuits from American employees, Barbara Durr writes from Chicago.

The judges ruled that Japan's Matsushita Electric Industrial Company did not violate US anti-discrimination laws in sacking three American executives while giving preferential treatment to Japanese executives at Quasar, a US subisidiary in Illinois.

Russian reformers plan Polish therapy

Leyla Boulton looks at Moscow's proposals for privatisation the Warsaw way

DOZENS OF milk cartons decorate the windows of Moscow's Gastronom 44 store but, true to the absurdity of Soviet life, there is no milk for sale anywhere inside.

The shop's manager, Mr Boris Strukov, was not sure whether he would be getting milk: he relies on the state wholesale network for his dairy products. But he believes that if he were given the freedom to shop where he wants, and to set his own prices, his shop could bulge with goods "just like in Poland".

It is Polish-style "shock therapy" which is being pursued by Russian economic reformers in a high-risk attempt to usher in a market economy while keeping people fed this winter.

Moscow city government has begun a campaign to privatise all the capital's trade and catering network, and as a sweetener to the local population all Muscovites are to become owners of their state flats free of charge, although high taxes will be levied on owners of exceptionally large homes.

Privatisation in Russia, the largest Soviet republic, is to be combined with plans to liberalise prices from December 16. The free prices already in force for some goods – such as sausage for Rbs144 a kilo (equivalent to a monthly pension) at Gastronom 44 – make most shoppers' hair stand on end.

"The most dangerous period is staring us in the face," says Mrs Larisa Pyasheva, the radical economist who helped draft the capital's privatisation plan. "There is no slow path to privatisation. If we don't jump now, the political situation won't wait." She warns that success also depends on the Russian government conducting tough anti-inflationary policies.

Staff have to declare whether they want to buy small shops (defined as having a surface of less than 150 square metres) or cafés (defined as seating fewer than 50 people). If they turn down the offer to buy their place of work for a fixed price of Rbs1,000 a square metre, the premises will be auctioned to the highest bidder. It is hoped that this way the process will also attract wealthy investors who can refurbish ugly, run-down state establishments.

Compared to the misery of shortages and queues, the prospect of a staff buy-out seems an entertaining novelty for the 82 workers at Gastronom 44. Their store falls into the category of medium-sized shops which can be bought only after a first year of leasing.

"We'll have to see, but things should be better," says Lusia, a 44-year-old cashier, whose wide grin reveals a row of gold teeth. "If there are no goods to sell, we'll go and find them."

A third category – including department stores and wholesale outlets – will be transformed into joint stock companies. The idea is to sell half the shares to outsiders (including Soviet-style commodity exchanges) and split the rest between workers and the city government.

The plan was adopted after months of talk about privatisation, followed by unseemly rows between rival sections of the city government.

In a bare office up the road from Gastronom 44, two British consultants have begun work as advisers to the Moscow city's privatisation committee, which is finally getting down to business after months of hapless drifting.

They see their job as helping to train committee staff and hammering out an overall strategy of privatisation, a process which has hitherto been left to grassroots initiative. "If everyone does their own thing all over the place, then they're going to have one big gigantic mess," says Mr Peter Young, director of the Moncrieff Consortium, which is also helping Poland privatise its electronic sector.

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Finance Minister Ralph Willis: to take over as treasurer

Hawke sacks treasurer as Labor falters

By Kevin Brown in Sydney

MR BOB HAWKE, Australia's Labor prime minister, yesterday sacked Mr John Kerin as treasurer after only six months in office, as part of a limited reshuffle intended to revitalise his flagging government.

Mr Hawke acted after warnings from cabinet colleagues that Mr Kerin's stumbling performance was damaging the government's economic credibility – already battered by an 18-month recession.

Mr Ralph Willis, the finance minister, will take over as treasurer from Monday. Mr Kim Beazley, transport and communications minister, will take over the finance portfolio, and will be replaced by Mr Kerin.

Mr Hawke said Mr Kerin had suffered a "loss of confidence" which had inhibited presentation of economic strategy. He said there would be no changes in economic policy.

Mr Kerin has looked ill at ease at the treasury since taking over in June from Mr Paul Keating, who resigned after a failed attempt to take the party leadership from Mr Hawke.

His most recent gaffe came on Thursday, when he declared the recession over only hours before the publication of figures showing that gross domestic product contracted in the three months to September for the fifth successive quarter.

As treasurer, Mr Willis will be responsible for fiscal and monetary policy, and overall direction of economic policy. The finance minister is responsible for revenue collection and government expenditure.

Mr Hawke said the appointment of Mr Willis and Mr Beazley would strengthen the government's capacity to fight back against a sustained attack by the conservative Liberal/National party opposition.

The cabinet reshuffle is the first step in a bid by Mr Hawke to overturn the opposition's 10 point lead in opinion polls before the next election, which must be held by mid-1993.

However, opposition leaders appeared confident of repelling attacks by the low-profile Mr Willis.

The reshuffle risks reviving support among Labor MPs for Mr Keating. Supporters say he may mount a second leadership challenge early next year if the government fails to recover momentum.

Dramatic art of compromise

Robert Graham on bridge-building by Italy's foreign minister

FAILURE by European Community leaders to reach an agreement at next week's Maastricht summit would be a "disaster" for the future of European integration, according to Mr Gianni de Michelis, the Italian foreign minister.

However, he is convinced a compromise can be worked out to accommodate British demands providing differences can be resolved on social policy. "This is the only difficulty I can see," he said in an interview with the Financial Times. "If British resistance remains total [to the draft on social policy], this will be a real problem. So we are sending a clear message that they [the British] have to move, they have to accept a compromise. A veto is not acceptable."

He has achieved a close rapport with Mr Douglas Hurd, his British counterpart, and refers with pride to their co-operation on mapping out a joint approach to defence policy which he believes will be largely reflected in the treaty. He hoped the British would be allowed "satisfaction on some important points" at Maastricht, but they would have to be ready to accept a deal – "which means giving something for having something".

COUNTDOWN TO MAASTRICHT

Gianni de Michelis: sending a clear message that a British veto is not acceptable to Italy

The tough negotiations on the political union treaty have seen Mr de Michelis in his preferred role as the incurably optimistic bridge-builder. The differences have been real but with a knowing laugh he says: "To compromise you have to dramatise."

It would be impossible, he maintains, to organise a fresh summit under the existing Dutch presidency before the end of the year, or indeed in the new year under the forthcoming Portuguese presidency. "If there are difficulties today, they will not disappear in the short run."

Besides electoral timetables among member states (Britain and Italy face elections next year), it would mean a "postponement of any step towards European integration until 1993."

He is firmly of the school that a compromise is better than no agreement, not least because of the situation in the rest of Europe. "The only positive element acting against disintegration all over Europe is the European Community ideal." If the EC fails to agree at a time of such serious problems in eastern Europe, the political message sent will be a "terrible one".

EC ministers' first meeting after Maastricht on December 18 is due to discuss Ukraine's independence and Yugoslavia. Disagreement at Maastricht would render the handling of these issues infinitely more problematic, he insists.

Though a committed federalist, he does not attach too much importance to the word federal being excluded from the treaty because "the goal remains the same": the EC is moving forward from being a 'community' to become a 'union'.

"There is no fear in Italy to go ahead in this direction."

Germany sees Emu as sign of strength

By Quentin Peel in Bonn

GERMANY will fight to the end at Maastricht to ensure that economic convergence, including low inflation and strict control of public sector deficits, remains an absolute precondition for European economic and monetary union (Emu).

That is essential to reassure a sceptical German public, according to Bonn's chief negotiator in the Emu debate.

Mr Horst Köhler, state secretary at the Finance Ministry, spelt out the German bottom line in an interview yesterday, in which he made it clear that only the toughest criteria for entering the future system would satisfy his government that it would be stable.

In the face of a sudden eruption of debate within the country about the prospect of "abandoning the D-Mark", Mr Köhler insisted that it was in Germany's interest to press ahead towards a single currency and monetary union.

He admitted that the latest opinion poll in Germany showed that 75 per cent of Germans could not imagine that they would get a better money with a European currency than their own D-Mark. That suggested they were still uncertain of their own size and strength.

"We do need a sense in Germany of the size we are: not bigger and not smaller. We have a strong economy. We have 80m people...We should not expect others to like us. We should expect others to recognise that we have an efficient economy, and that we don't intend to lose that strength.

"Emu is a sign of the self-confidence that Germany has in itself and in its capacity to deal with others: that we are ready to bring the D-Mark into a currency union. We don't want to dominate. We think it is in our interest.

"We cannot ensure our growth and stability as if we were an island," he said, stressing that he used the idea of an island deliberately. "We cannot ensure our prosperity by looking inwards. If we manage to ensure stability throughout Europe, that will be a reliable basis."

As the man who has led the German team in the Emu negotiations, and simultaneously played a key role in the Group of Seven (G7) industrialised nations' debt-relief talks with the Soviet Union and its republics, Mr Köhler has led a frantic existence for the past three months. Now he seems quietly determined to bring Maastricht to a successful conclusion.

He agrees that it is essential for a solid political consensus in the EC to provide the underpinning for a change as drastic as Emu. But he also believes that the requirements of economic convergence will help create that political concensus, as they have already done under the present European Monetary System.

Italy was actually asking for the discipline of the EC to correct its chronic budget deficits. Portugal, which was far from complying with the convergence criteria already attached to the Emu treaty, was equally adamant that they should not be watered down.

Mr Köhler said Germany had not been in favour of laying down a minimum number of member states which could launch Emu, but had agreed to the compromise of "a majority" – i.e. seven – if stage three was to be begun as soon as 1996.

Whatever happened, if Emu was to go ahead regardless at the end of the decade, the convergence criteria must still apply, he said.

"Nothing is acceptable to us which weakens the basis of convergence."

As for British membership, "from an economic point of view, the British would be desirable. I would like to think they were there, not least in order for them to understand that it is not a question of [German] domination."

OBITUARY: SIR ROY WELENSKY

Liberal overtaken by pace of change

BRISTLING at the suggestion that he was out of touch with African opinion, Sir Roy Welensky, the former prime minister of the Central African Federation who died on Thursday aged 84, rounded on the questioner.

"I swam bare-arsed with picannins in the Makabusi," growled the ex-heavyweight boxing champion and former engine driver, recalling boyhood escapades on the banks of a river in Salisbury (now Harare), Southern Rhodesia.

This anecdote, recounted when he was still prime minister, did not alter the fact that he was a paternalist politician overtaken by the pace of change on the continent.

In the context of his conservative white constituency, he was a liberal who pugnaciously and bravely argued for gradual power-sharing with the black majority. But he could not understand what drove the African nationalist leaders in their successful campaign against the Federation of Southern and Northern Rhodesia, and Nyasaland (today Zimbabwe, Zambia and Malawi). Created in 1953, it was dissolved a decade later as Britain – the colonial power – responded to growing black opposition.

The nationalist leaders were impatient for radical change and fearful that Whitehall would concede independence to a union under white minority control.

Sir Roy, for his part, never came to terms with the collapse of his vision of a multiracial union charting a course between South African apartheid and premature majority rule. Having served as prime minister from 1956 until the Federation broke up in December 1963, he blamed the British government and the loss of its "will to govern" for the dissolution.

Sir Roy never relinquished his view that an historic opportunity had been lost, with painful consequences. Four years after Ian Smith unilaterally declared independence in 1965, he told an interviewer: "Everything we reap in Rhodesia today can be traced to the break-up of the Federation. We may have been making only halting progress towards a multi-racial state, but that trend has been reversed now."

Sir Roy, who lived in England from 1981, remarried after his wife died in 1969. His new wife, 34 years his junior, bore him a daughter in 1975 when he was 68, and a second girl in 1979.

MAASTRICHT: THE ESSENTIAL GUIDE

With 340m jingling the same Ecu in their pockets, the EC could be the world's leading financial power

EC's chance to catch the tide of history

THE small Dutch town of *Maastricht* enters the history books next week, when leaders of the 12 EC states meet *there to decide* whether to transform their Community into a political and monetary union.

Never has an EC summit been so closely watched, in Europe and around the world. Will it succeed?

Probably. Everyone wants it to. Even the UK government, which far outstrips its partners in the number of objections it has to the draft treaty, passionately desires to be put out of its negotiating misery with a successful conclusion sometime next Tuesday or Wednesday.

"Success" however does not mean that the treaty will be signed and sealed next week. The far more modest Single European Act took 28 hours of summit negotiations in December 1985, and its text was only finally cleaned up *for formal* signature two months later. Ironing out the Maastricht wrinkles could take even longer.

The second most likely outcome is deadlock, with leaders making statements to calm the financial markets and promising to have another try very soon, probably sometime around December 20-22. Even this would be miserable for Mr John Major, the UK prime minister. He would have to face the House of Commons with half his concessions hanging out like a shirt-tail, yet no final deal to show for them.

Least likely is outright failure. This is because EC members, more than any married couple, are almost condemned to go on trying to agree. But if there was no short or medium term prospect of such agreement – and if Britain was seen to be the clear cause of irretrievable breakdown – there would indeed be continental threats to make new treaties without the UK. Such threats would be credible in economic and monetary union (Emu); indeed they are precisely envisaged in the let-out clause for the UK on Emu.

Leaving the UK behind is a real possibility in the area of immigration and criminal justice co-operation. Eight EC states have in a *sense already done just* that under their Schengen agreement, although *London does not seem too bothered* about exclusion here. But for the *other 11 to leave a nuclear power* and UN Security Council member out of a common EC *foreign* policy would be hard to imagine.

There are three reasons why Maastricht has so rivetted attention. First, there is the level of ambition. This is clearest with Emu. Not only would 340m people have the same Ecu jingling in their pockets, but the EC could become the world's leading financial power. It is already the world's largest trading bloc. The world economic directorate would shrink from the Group of Seven to the Group of Four – the EC, the US, Japan, and Canada. Political union would, in less clear-cut form, give the EC other attributes of a superpower – a common foreign policy and, gradually, a common defence policy.

Second, Maastricht has consequences for other countries. These are most obvious for neighbouring *countries which have applied,* or intend to apply, to join the EC club. But next week's decision on political and monetary union will also be *closely watched* in Washington for what it implies in terms of rivalry to the dollar and to Nato.

Last, and most intriguingly, is the question of what might one day flow from a successful outcome at Maastricht. It is easy to say – indeed it is the only sensible thing to say at the moment – that the nation states of Europe will never coalesce into one to take a single seat at the UN.

And yet, from small beginnings...No one in 1985 forecast how rapidly the single market project would fuel demands for a single federal central bank and currency, which in turn will require some kind of single governance, if not government, *of Europe. Trans-national* politics is on the rise in Europe, with the pan-European political "families" of the Christian Democrats (to which UK Tory MEPs want to attach themselves), Socialists and Liberals playing an increasingly important part. For the first time, the European Community was last week admitted to a UN body, the Food and Agriculture Organisation (FAO), in its own right.

Clearly, the EC has still not yet reached its final shape. There will be a further drift of power to the centre in the years to come. This is a key part of the argument at Maastricht. Most EC states want a commitment to review the treaty in the mid-1990s to reinforce the federal character of the union; Britain does not. The fact that subsidiarity – the principle that government decisions *be taken at the lowest* appropriate level – has become an issue in the *Maastricht* negotiations shows the beginnings of a backlash against too much concentration of power in Brussels. Opinion polls, revealing a slight decline in support for the EC this year, bear this out.

Equally revealing, however, is the fact that there is no definition of subsidiarity in the Maastricht draft as clean as that in the US constitution, which states that all powers not specifically assigned to the federal government belong to *the individual* states. Most EC countries evidently want further *evolution* before making such a neat division of powers and freezing the Community's final design.

Mr Jacques Delors, the Commission president, has complained of other potential contradictions in the Maastricht draft treaty.

- First, it creates an empty shell, the "Union", rather than the Community, to take responsibility for foreign policy. The Union has no international legal character, unlike the Community on whose behalf the rotating EC Presidency and the Commission can sign international treaties.
- Second, the Twelve are setting themselves the ambitious goal of a *common foreign policy* without giving themselves the means to carry *it out. This, in Mr Delors' view,* should be the generalised use of majority voting.
- Third, Emu threatens to create a *strong federal central bank without* any corresponding political power to balance, or indeed support, it. This concern is shared by Mr Hans Tietmeyer, deputy president of the Bundesbank. Hardly a man wanting to see the European central bank shackled by politicians, Mr Tietmeyer believes that only a strong EC political authority can cope with the strains that Emu will inevitably place on many countries.

Such institutional imbalances may take time to become evident. *But if* and when they do, the logical answer is a still stronger political *Community.* Opinion polls show this to be a deeply disquieting prospect *to many* Britons, to a fair number of Danes, even to some Frenchmen. *Only mutual trust,* born of the experience of working together, will gradually *dissolve this anxiety.*

In fact, whatever the outcome at Maastricht, the *very process of trying* to negotiate political and monetary union *has had several* beneficial effects. It has shown that there is now nothing on which the Twelve are not ready to co-operate. Even on really sensitive issues like external defence and internal policing, they are now willing to join hands, though not necessarily wearing their Community hats.

Britain itself has proved pliable and imaginative on new forms of co-operation, albeit of the inter-governmental kind. Its joint statement with *Italy* on defence has paved the way for EC agreement on this issue. *It has even* been discussing with Germany the idea of sharing embassies *in the new entities emerging* out of the old Soviet Union. This would have been *inconceivable* a few years ago. But it is almost a natural emergence from a year of negotiations on a political union treaty that speaks of common EC citizenship, and might one day, mean it.

David Buchan

MILESTONES TO MAASTRICHT

- **1946** Churchill calls for united states of Europe
- **1951** European Coal and Steel Community (ECSC) founded by West Germany, Belgium, Netherlands, Luxembourg, France and Italy
- **1957** Treaty of Rome establishes European Economic Community (EEC) and European Atomic Energy Authority (Euratom)
- **1962** Common Agriculture Policy agreed
- **1966** De Gaulle establishes right of veto
- **1967** Merger treaty creates EC, grouping ECSC, EEC and Euratom, with one Commission and a Council of Ministers
- **1968** Customs union establishes common external tariff towards rest of world
- **1973** UK, Ireland, Denmark join
- **1979** European Monetary System established with an Exchange Rate Mechanism and a European Currency Unit (Ecu)
- **1981** Greece joins
- **1985** Jacques Delors appointed president of the Commission
- **1986** Single European Act signed, amending founding treaties with goal of completing common market by 1992. Spain and Portugal join
- **1989** Delors Committee calls for 3-stage move to full Economic and Monetary Union (Emu)
- **1990** Rome summit: start of intergovernmental talks on Emu and political union

Why a temple proved stronger than a tree

David Buchan charts the months of diatribe, double-dealing and debacle in the horsetrading over the structure of the draft treaty

THE idea that an *inexorable tide* has carried the *Twelve nations of* the European Community to *Maastricht* is deceptive.

Certainly, the main currents of history have pulled the Community in the direction of political and monetary union. The momentum of the single market led to the drive, begun in 1988, to cap it with a single *currency. A year later the* crumbling of eastern commu*nism and the Berlin Wall* suddenly made it seem desirable, *even to many Germans,* that a bigger Germany should be anchored more firmly into a political union. And America's consequent drawing back from Europe put common European defence on the agenda for the first time since the early 1950s.

But many smaller cross-currents have made the *passage* less straightforward. The Brussels *Commission, the institution* which normally stokes the European boiler, has been at almost constant odds this past year with *those* on the ship's bridge, first the Luxembourg presidency, then the Dutch presidency. The latter has been at war as much with itself as with other EC shipmates. Even the usual chief navigators – France and Germany – have found themselves, on the key issue of defence, rivalled by the odd couple of Britain and Italy.

However, if you believe the *seafarers' superstition that it is* bad luck to have a woman on *board, the voyage got off to a* good start when Mrs Margaret Thatcher was removed from power in Britain. Her replacement, Mr John Major, made an excellent impression at last December's Rome summit, particularly on the avuncular Chancellor Helmut Kohl. The difficult prima donna had been supplanted by an understudy *with whom everyone else felt* they could work.

Two separate features of this spring's negotiations left a lasting mark: they explain why it has for some time been clear that there will be a deal on defence at Maastricht, but why the Twelve are arguing about the proposed treaty's structure. With America leading the west into the Gulf war, it seemed crazy to some to risk overturn*ing Nato for a will-o'-the-wisp* EC defence policy. Pounding *away at this message* was Mr Hans van den Broek, the Dutch foreign minister. Equally blunt at that time was the US in the shape of Mr Jim Dobbins, a State Department official (now ambassador to the EC) who toured EC capitals to let them know that, whatever the EC decided, Washington wanted no weakening of Nato.

This gave scope to cooler heads and two of them used it. Risking the fact that it was April Fool's Day, Mr Douglas Hurd, the UK foreign secretary, used his passage through Rome, on the way *to the* Middle East, to stop off to see his *Italian counterpart, Mr Gianni* de Michelis. Through the curious attraction of opposites – northern aloofness and southern ebullience – the two men have always got on well. Adjourning to a trattoria near the airport, the pair cooked up the idea of a common stance on defence. It was months in preparation. But when it was unveiled *on October 4, the* Anglo-Italian defence declara*tion spurred Mr Kohl and* President Franc,ois Mitterrand into *their* own, *long-predicted* defence statement.

The second issue, that of the treaty's structure, was initially a sleeper. The Commission contributed to its early dormancy. The Berlaymont was very slow, almost deliberately so it seemed, in producing its own proposals for political union. First came a Commission plan on *culture; only* in March did Brussels produce its plan *for foreign policy and* internal affairs, all within a single treaty structure.

But when on March 25 Mr *Jos Weyland, Luxembourg's* EC ambassador, sounded out *his fellow negotiators, all but* the Italian and Commission representatives said they were content to deal with foreign and internal security policies under special rules outside the regular Treaty of Rome. Thus was born the famous three-pillar structure: a) the Treaty of Rome (encompassing monetary union); b) foreign/defence pol*icy; and c) immigration/crimi*nal justice. This was the shape *of the treaty Luxembourg* presented on April 17.

The structure argument has been like those trick birthday candles that re-ignite after they are blown out. The first re-ignition came on June 4, when EC foreign ministers met in Dresden. In a city that knows something about rebuilding, Mr Delors attempted a radical re-design. He nearly succeeded by getting eight *ministers* to agree that a single structure would be better. Or, *in a classic mixed Euro-meta*phor, that the Community should be a tree with branches, not a temple with three pillars. However, *the objections to this* by the other three – France, Britain and Denmark – seemed immovable.

So Luxembourg stuck to its basic design but decided to put some fancy federal ivy on the temple's architrave, writing the words "federal goal" into the preamble. The issue was side-stepped at the June summit, though *leaders spent* an amazing hour discussing *whether the Luxembourg draft* was "a" or "a good" or "the" *basis for future work.*

After the calm of an inactive summer, however, came an autumn storm over structuralism. Mr Piet Dankert, a former European parliament president who had become Dutch EC affairs minister, was widely known to want to supplant the "temple" with the "tree" and hoped to appeal to the Dresden Eight. *But they* no longer wanted a fresh start but rather *to negotiate on the text* in front of them.

This was the message which EC ambassadors pressed on their Dutch *chairman,* Mr Pieter Nieman, in the hotel *bars of the Dutch Antilles,* during a week-long "Euro-jolly" in early September. *Mr Nieman,* being of precisely the same view, gladly relayed the message to his government. But Mr van den Broek was preoccupied mediating in Yugoslavia and Mr Dankert persisted.

What followed was "the most extraordinary diplomatic *debâcle I have ever seen",* says an experience Brussels ambas*sador. "I have never seen a* normally well-informed government go into the wall like that". On September 25 the "Dankert" plan for a single-treaty structure came out. A day later it ran into machine gun fire from the others' negotiators. Still Dutch ministers seemed unaware of what was going to hit them. Over the weekend, the sympathetic Mr Mark Eyskens, Belgium's for*eign minister, rang* Mr van den Broek to offer help with his *problem. "What problem?"* queried the Dutchman. On September 30, *Black Monday,* 10 ministers ganged together to sink the Dutch plan; *only* Belgium backed it.

Key to the Dutch miscalculation was what they saw as the *German double-cross.* The Hague reckoned that with Bonn's support it could just about swing its new draft. Indeed they had German backing, below the level of Mr Hans-Dietrich Genscher, the foreign minister. But during the weekend before Black Mon*day, Mr Genscher de-camped* to the UN in New York, where he was button-holed by his French counterpart, Mr Roland Dumas. The latter persuaded him that the Dutch were showing "too much federalist zeal". Mr van den Broek and Mr Genscher have never got on well at the best of times – and September 30 was one of the worst.

Yet it was the German foreign *minister who later came* to Mr van den Broek's rescue *at last month's* bargaining session at Noordwijk. As Mr *Delors* began a diatribe about the Dutch draft, Mr Genscher suggested that ministers turn to negotiating.

WHAT THEY SAID...

"It is about being British and it is about what we feel for our country, our Parliament, our traditions and our liberties. Because of our history, that feeling is perhaps *stronger here than* anywhere else in Europe, and *it must determine* the way in which our government approach such fundamental matters," Margaret Thatcher, Commons debate, November 1991.

"They [other EC countries] believe that Britain may argue hard against many of the proposals – object to them, and protest – but that then we shall sign up to whatever *is on offer at* the 59th minute of the 11th hour. *I urge them* not to make that mis*judgment; it would be* fatal," John Major, Commons debate.

"How *Germans* would debate the issue, if they had on each occasion been declared the victor of two world wars, is quite another question. Anybody who is *honest* must recognise that our partner (Britain) has *a longer – psychological – path to travel,"* *Helmut Kohl, Bundestag,* November 1991.

"If the British confirm *this tendency to* move towards more of a Community-minded position, then it should be possible to find final compromises. But there will be no question of making any concessions," Jean Musitelli, spokesman for President François Mitterrand, November 1991

"In Maastricht France is determined to lay the basis of a union with a federal vocation, which will unite 12 states and 340m citizens, to make Europe the leading *power in the world,"* Roland Dumas, French foreign minister, National Assembly debate November 1991.

"If there's *one thing* I dislike, it's people with visions," John Major, after being appointed *Foreign* Secretary in 1989.

We want not a German Europe but a European Germany," Hans-Dietrich Genscher, German foreign minister, 1990.

"Monetary union will put a second tiger in Europe's tank – the first being the single market programme," Jacques Delors, 1989.

"Without a satisfactory solution (to the question of more money for poorer states) I would be obliged to block the treaty," Carlos Westendorp, Madrid's minister for Spain.

***"What they call cohesion* is us filling sacks with our money and handing it over to Club Mediterranée,"** *A UK minister.*

"When the Greek *representative* starts to speak, everyone else in the room takes off their headphones," Vasso Papandreou, EC Commissioner for social affairs and a leading member of Greece's Socialist opposition.

EUROPE'S BUSINESS LEADERS TELL OF HOPES AND FEARS FOR THE FUTURE OF THE COMMUNITY

Mr Alistair Grant, chairman of Argyll, the UK grocery business which runs the Safeway chain and forms part of the European Retail Alliance:

"I find it extraordinary how on European issues it still has not been grasped in Britain that our interests run parallel with German and French interests.

"I do not believe that these countries have a hidden agenda to disadvantage the British.

"We could emerge in Europe as a very powerful player but we always seem to choose the wrong option.

"We finish up broadly speaking in the same position as everyone else but are perceived as highly unwilling and unimaginative and we are in some ways disadvantaged by that.

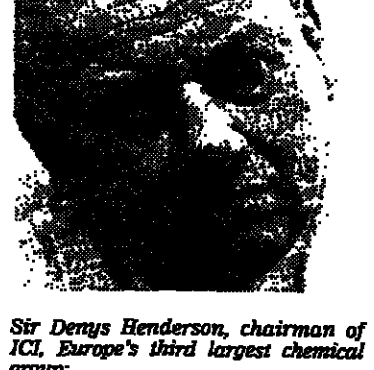
"The disappearance of sterling could be hugely positive for us."

Mr Pierre Le Roux, executive vice president for finance at Alcatel, the world's largest telecommunications equipment maker, which has three-quarters of its sales outside France:

"We are probably the group that makes the most use of the Ecu (in the world)...

"The most important thing is not just the development of a single currency, but the conditions to fulfil that aim. By that I mean anything that will go towards reinforcing a joint economic policy which is rigorous and in particular encourages a low inflation rate...

"That touches on the fundamental question of what type of European industry we want. Do we want to allow European companies to reinforce themselves by mergers or acquisitions or not? Such an issue should be addressed by bodies that are really politically representative."



Sir Denys Henderson, chairman of ICI, Europe's third largest chemical group:

"I am deeply concerned that recent political manoeuvring may have taken precedence over the completion of the market.

"*If so, this is deeply* regrettable because I believe that the single market is the cornerstone of economic integration and of Europe's *competitiveness* in world markets...

"There is a pressing need in Europe to reconcile industrial policy with competition policy.

"Market forces alone will not produce a competitive European manufacturing base to match that of the USA, Japan and the Asian Tigers...

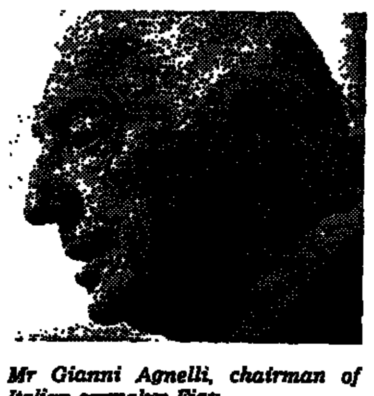
"There is a danger that although Europe will become the world's richest and largest club it might become inward-looking."

Mr Eberhard von Koerber, chief executive of the German operations of ABB, the Swedish-Swiss power engineering manufacturer, and director responsible for European strategy:

"We want *to see politicians* overcoming cultural barriers between them just *as we have done* within ABB. That is the important thing, more *important than gains* from monetary union which are marginal...

"There is a risk of regulation becoming too centralised, too inter*ventionist and too bureaucratic.* We in business need to make sure a cen*tralised* Europe *does not develop,* that the single market is not crip*pled by planning...*

"We already have a good federal *system* within ABB. *We have* 220,000 employees worldwide and just 100 employees in our head office. That is the kind of central staff we think the EC *should* have."



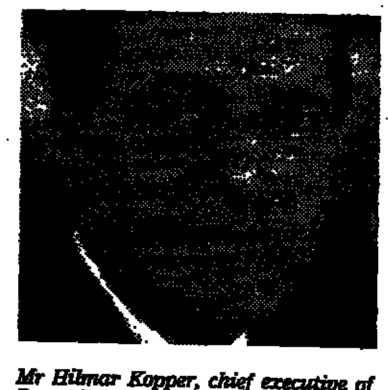
Mr Gianni Agnelli, chairman of Italian carmaker Fiat:

"Economic and monetary union is going to change fundamentally the environment in which companies operate, imposing transparent rules for competition and providing stability against currency fluctuations.

"It will at last be possible to fully realise the advantages we have been waiting for from the single market through economies of scale...in both manufacturing and marketing...

"Investment plans have to be spread over several years and companies regard 1997 as the immediate future for which many decisions have to be taken now.

"*Thus it is essential for the credi*bility of the Treaty (on Emu) and for the European *dynamic* that the Maastricht summit is concluded without any procrastination."



Mr Hilmar Kopper, chief executive of Deutsche Bank:

"The drive towards Emu in western Europe is a proper response to the challenges we are facing in eastern Europe after the demise of communism...

"Currencies are widely perceived to be the very expression of national identity and the sovereignty of nation states...

"In today's interdependent world economy, an independent and steady policy course on a strictly national basis is becoming increasingly difficult.

"It has a greater chance of succeeding in the context of Emu and a single currency...

"Overall, the completion of Emu should lead to a more efficient allocation of resources and an improvement of the business climate resulting in stronger economic growth."

A president of Europe? What about the workers?

Questions and answers on how Maastricht could affect us

Q: Which matters most – European political union (Epu) or economic and monetary union (Emu)?
A: Emu without a shadow of doubt. The political consequences of Emu are clear and dramatic. It will give governments a big incentive to emulate the German record on inflation. The threat of being left out of Emu will be more of a disciplinary scourge on governments than all the past scolding about the need for economic convergence. However, the tough economic medicine may prove unpopular with the people.

Q: Will there be a single Euro-government?
A: Not soon. True, the treaty tabled at Maastricht sets out all the attributes of a European state – a single market, a single money, common defence and citizenship. But Epu is a ragbag of reforms, designed to make individual EC institutions more effective and democratic rather than weld them into a single government.

Q: Will there ever be a president of the United States of Europe?
A: There is already a trans-national legislature in the form of the European parliament and political parties are increasing their trans-national links. But a single leader heading a single political executive for Europe is not on the cards in the foreseeable future.

Q: Will there be a Euro-army?
A: The Maastricht treaty would give the Western European Union, until recently little more than a talking shop, the responsibility of developing a European defence policy, plus a permanent planning staff. France and Germany say they want their 4,000-strong joint brigade to become the kernel of a European "corps"; so far it is not much more than a language school in uniform.

Q: Who would command a Euro-army?
A: Europeans might squabble for ever over which nationality should take the five-star job. Nato settles this problem by putting an American general in overall charge.

Q: Will a common EC defence policy not drive the Americans out of Europe?
A: This has been the fear of the British, Dutch and more Atlanticist members of the EC, though it has been eased somewhat by President George Bush's relatively relaxed attitude. The French view, by contrast, is that the US will stay in, or pull out, of Europe for its own reasons, and the Europeans might as well plan their defence regardless.

Q: Will Maastricht make it easier or harder for countries to join the EC?
A: A bit harder. Austria and Sweden have applied to join the EC; Finland and Switzerland may do so. They are all neutral. To the extent that, after the dissolving of east-west tensions, they still care about their neutrality, they may fret about the treaty clause on common EC defence. Such a clause will be welcomed positively by Poland, Hungary and Czechoslovakia, which are worried about the security vacuum in central Europe, but cannot get into Nato. The central European trio want to join the EC and may do so by this century's end. But it will take them longer than that to qualify their economies for Emu.

Q: Will there be a Euro-police?
A: *A form of it was set up this* week, when EC interior ministers agreed on Europol. To begin with, this will just exchange information on Euro-crooks. But Chancellor Helmut Kohl wants a proper Euro-FBI. In any case, eight EC states have already agreed to set up a big crime data base in Strasbourg as part of their Schengen accord on a free-travel zone.

Q: Will there be a Euro-language?
A: A British newspaper, edited by a man called English, has suggested English. One day this may come about in practice. At present the Community struggles with nine official languages, though it mainly works in two – English and French.

The rumour is that inter-governmental business under the Maastricht treaty – foreign policy and immigration/home affairs – might be conducted only in English and French. The likelihood that Scandinavians will soon join the EC will swell the ranks of those who have English rather than French as their second language.

Q: Will there be a single Euro-seat at the United Nations, International Monetary Fund and Group of Seven?
A: Not if Britain and France can help it. They have fought off Italian suggestions that they surrender their UN Security Council seats to the Community but this week formally agreed to consult EC partners when casting their votes there. Britain, in particular, has succeeded in ensuring that Emu would not affect separate national seats at the IMF.

The issue does not arise with the G7 which is an informal body.

Q: Will MEPs become more important than national ones?
A: National politicians used to deride the 518-member European Parliament, based in Strasbourg. First directly elected in 1979, MEPs are at the bottom of the Euro-pecking order. This is topped by the Council of Ministers which makes policy and is chaired by the *12 foreign ministers in* turn, and the European Commission, run by Jacques Delors from Brussels, which proposes policy.

As Strasbourg legislates in *more* areas MEPs will become more important. Finding out who he or she is might come in handy. The Maastricht Treaty will create a European Parliament ombudsman but you can *only appeal to him if your* gripes are EC-related.

Q: Will it be easier to do business across Europe?
A: Obviously, if Emu and a single currency by the end of the century are agreed at Maastricht. This became more likely, after wide support this week for a French plan to try to decide Emu first in 1996 by unanimity, but in 1998 by majority vote.

Q: Will foreign exchange dealers lose their jobs?
A: Some might, but even assuming all 12 countries end up in Emu there will still be the Ecu to trade against the dollar and the yen. In any case, they can all switch into trading the Ecu-denominated bonds of individual member states.

Q: Will you be able to live and work anywhere in the EC?
A: Yes, in theory, but Maastricht *has nothing to do* with it. Free movement of people and labour are two of the goals of the single market programme, which should come into effect from January 1 1993. *There are two caveats to this.* A citizen of one EC state often still has to show he has a job in order to reside indefinitely in another EC state. A non-EC national, even though legally *resident in one EC state,* is not free automatically to seek work in another EC state.

Q: Will there be a common education system, or common exams?
A: No. EC policies on education bear only on universities, and are mainly aimed at promoting student/teacher exchanges and at improving foreign language training.

Q: Is travel within Europe going to be easier and cheaper?
A: Yes. With a single currency in his wallet, the Euro-traveller would no longer have to line the pockets of bureaux de change. At the moment, the Euro-traveller who starts with £1,000 and changes it into each local EC currency in turn, comes home with only £500.

Checks on travellers crossing internal EC borders should become a thing of the past, though Britain objects to doing away with such frontier controls. Again, this will be a dividend of the single market and not a Maastricht benefit.

Q: What about inflation? After Maastricht, can you expect the cost of living to rise at Danish (less than 2 per cent) or Greek (18 per cent) rates?
A: Inflation will probably fall *across* the Community. The average inflation rates of countries whose currencies are part of the European exchange rate mechanism have fallen since the European monetary system began in 1979.

Q: How will this affect my mortgage?
A: If Emu works as it is supposed to, interest rates should fall with inflation. This would mean lower mortgage rates in countries such as Britain with relatively high rates.

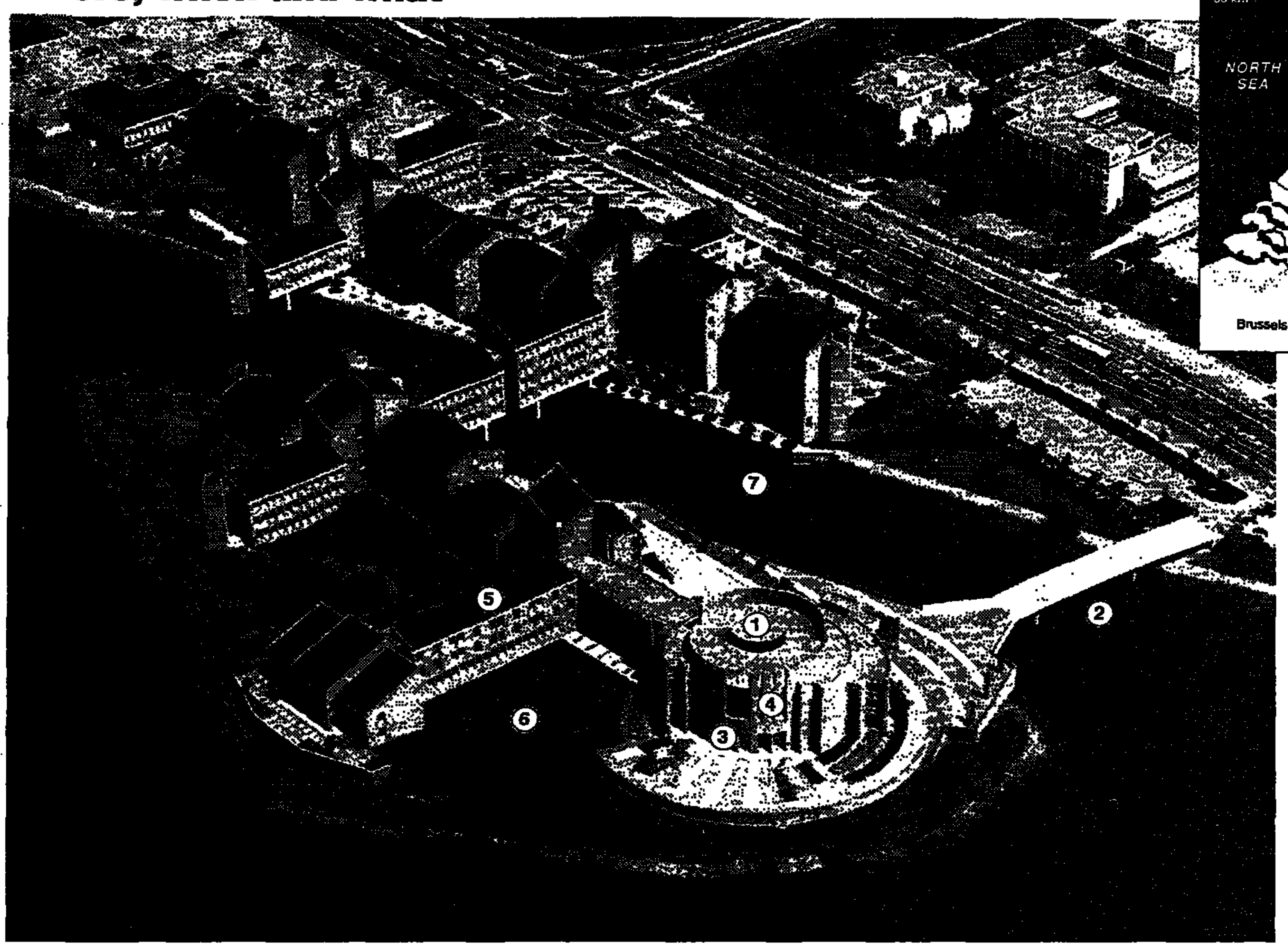
Q: Will individual national health services improve?
A: Europeans may become healthier as a result of EC-organised preventive campaigns against cancer and the spread of Aids. But the standards, and cost, of national health care remain the responsibility of individual governments.

Q: What about the workers?
A: Workers, as distinct from the general citizenry, already benefit from EC-set minimum rules on health and safety at their workplace. These laws are already passed by majority vote. But the UK *government* will fight at Maastricht to prevent majority voting being extended to legislation on the general welfare of workers.

Q: What are the chances we will all get the same electric plugs across Europe?
A: None. The single market programme gave the setting of common EC technical standards a powerful boost. But the standardisers accept that the wiring of houses, offices and hotels has gone too far down separate paths in individual countries ever to be changed. Only in new areas, such as information technology, is there a conscious attempt to make systems interface. Sorry.

Compiled by Quentin Peel, Andrew Hill and David Buchan.

Where, when and what



(1) Province House, capital building of Limburg province, where the summit will be held. Opened in 1986, situated on the river Maas. 700 civil servants who work there will be given two days off.

(2) Only access to Province House will be across the bridge, for *security purposes.*

(3) The European Council will meet in the Reception Hall, a round, marble room at ground level. A round table has been brought from the Foreign Ministry in The Hague.

(4) The provincial parliament's meeting room above the reception hall will be used by the delegations' permanent representatives from Brussels.

(5) *National delegations housed* in the rest of the complex, each with its own telecommunications facilities.

(6) Government Island, formerly St Pieter's Island, once the site of a fort. Later linked to the mainland through land reclamation. When Province House was built, the original moat was dug out again.

(7) Papal Waterway, separating the island and the mainland, so-*called because a monastery once* stood nearby.

What each nation wants:

Belgium
Fully-fledged federalist. *Wants increase in EC role* across the board, but will compromise.

France
Wants rapid steps to Emu. *Prime mover for EC defence* policy. Keen on more interventionist industrial policy.

Greece
Likely to be the last *economy* to get into Emu. Main Epu demand is to join the Western European Union, to bolster itself against Turkey.

Italy
Strong political backer of Emu, but worried about strict terms. Supports greater powers for parliament. Sides with Britain on defence.

Netherlands
Largely neutral as EC president. Torn between wanting compromise with UK and its pro-federalist instincts. Close ally of Germany on Emu.

Spain
Wants Emu and full Epu. Leads the fight for more help for poorer states. Feels majority voting on environment and social policy will stunt its development.

Denmark
Wants late-1990s referendum on Emu. Reticent on majority voting in foreign policy, but keen on it in environment and social policies.

Germany
Ties agreement on Emu to a deal on Epu. Insists on more European parliament powers, and eventually bringing EC into foreign policy and home affairs. Broadly backs France on defence.

Ireland
Joins Mediterranean countries in wanting more money from EC budget to help poorer members. The only neutral state in the EC, but could accept EC defence policy separate from Nato.

Luxembourg
Used its Jan-June 1991 presidency to shape the draft treaty. Too small to influence final outcome.

Portugal
Wants Emu. Keen on ties with *Nato,* and wants one country, one vote majority voting in foreign policy. Backs help for poorer states and EC budget reform.

United Kingdom
Demands opt-out on Emu. *Allergic to EC involvement in* foreign policy and immigration/home affairs, but ready for co-operation between governments. Wants EC defence linked to Nato. Resists more majority voting on EC labour laws.

Summit timetable:

● **Sunday December 8**
6pm: National delegations arrive

● **Monday December 9**
8.30am: European heads of government arrive at Province House
9.30am: Summit begins
1pm: Queen Beatrix hosts lunch
3.15pm: Summit continues
6.30pm: Press conference
8pm: Dinner at City Hall

● **Tuesday December 10**
9.30am: Summit continues
***1.15pm:** Lunch*
3pm: Summit continues followed by press conference

● **Wednesday December 11**
Summit may continue if no agreement reached

THE KEY ISSUES

Majority voting of great concern to UK

THE heads of government at the summit must address the following issues.

ECONOMIC AND MONETARY UNION

Agreed so far: A three-stage move to Emu. The first is in train with EC states presenting economic convergence plans. The second stage starts in 1994 with the creation of the European Monetary Institute (EMI), composed of national central bank governors except for a president appointed from outside. Its chief role will be to co-ordinate national monetary policies.

The third stage could start at the end of 1996, with countries which meet various public debt/spending criteria eligible *to adopt a single currency,* managed by the European Central Bank (ECB). Countries failing this test will get a "derogation" until they are ready to join Emu. Countries outside *Emu will be part of the ECB's* general council, but not its governing council which will be confined to Emu participants.

Still to resolve:
● *Decision-making on the* transition to Stage Three. By end-1996 it is agreed that finance ministers, the EMI and Commission would forward recommendations on their readiness *for Stage Three to* the European Council (summit).

EC leaders could then try to reach, by unanimity, a decision on whether, and when, to launch a single currency. If that attempt failed, it would be repeated every two years. But a new French plan calls for a second decision, in 1998-99, to be taken by majority. The UK objects, while Germany is equivocal.

● Opting-out. Britain and Denmark wanted a general let-out clause, but the others killed this because they want to lock themselves into Emu. The UK wants to trade its acceptance of a UK-specific let-out for a concession elsewhere, perhaps in political union; others feel such a let-out is a gift to the UK and therefore not the basis of a bargain. Denmark may insist on a provision recording its wish for a late-1990s domestic referendum on Emu.

● *Sites of the EMI and ECB.* Luxembourg is bidding to host the EMI on the grounds that it is the successor body to the EC Monetary Co-operation Fund, which is based in the duchy. The *Germans have said* they want the ECB in Frankfurt, while the Dutch and French are privately touting Amsterdam and Lyons, respectively. Manchester also appears to be *offering itself, and there is talk* of Edinburgh. The EC is at its most indecisive when siting its institutions, and the likelihood is that any Maastricht treaty will postpone these decisions.

EUROPEAN POLITICAL UNION

Agreed so far: A mass of secondary proposals. They range from slimming the EC's Brussels executive from *17 to 12 full* Commissioners, to strengthening the Strasbourg parliament's scrutiny powers and giving it an ombudsman to take up citizens' complaints *against EC institutions, to giv*ing the Luxembourg-based Court of Justice the right to fine governments that flout EC law.

Still to resolve:
● Foreign policy. *The 12* agree to commit themselves to "common action" in certain areas, but disagree as to whether decisions should be by majority vote. The Maastricht draft says that "as a general rule" a majority of at least eight states should be able to decide how to put a "common action" into effect. Britain objects. Denmark, Portugal and Ireland have worries.

● Defence. The Maastricht draft talks of "eventual formulation of a common defence policy". Against the resistance of the UK and others, Belgium leads a bid to drop the word "policy", thus conveying the implication that the Twelve might one day go beyond discussing security guidelines to organising military forces. There is also the problem of balancing treaty language about the Western European Union defence organisation being "an integral part" of the European Union with a side-declaration linking WEU to Nato.

● New areas to come under EC control. Should there be fresh treaty chapters on new concepts such as trans-Euro*pean infrastructure networks* and culture and on existing EC activities in industry and health? Britain and Germany object to a French-inspired clause calling for the EC "to *accelerate adaptation of indus*try to structural changes"; they believe this will lead to interventionist policies.

● Council majority voting. This would be extended to laws *on industry, the environment,* infrastructure, research, and social matters. This proposal is perhaps the UK's biggest single objection.

● The parliament. A "Nega*tive Assent Procedure" has* been agreed, whereby MEPs can negotiate amendments directly with the Council of Ministers and, if they do not like the final result, can kill *the legislation.* But *application* of the NAP is still disputed. The UK wants it to apply only to internal market and certain environment programmes.

● Catch-up funding for poorer *states. This "cohesion" issue is* seen as crucial for Spain, backed by Portugal, Greece and Ireland. They want commitments for more EC funding and a more "progressive" form of contributions to the EC budget written into the treaty. Other states hope to pacify them with a declaration, promising that their demands will be dealt with in EC budget negotiations next year.

● Review. All agree that the Maastricht treaty should be reviewed in 1996. But the present draft says this should be aimed at "reinforcing the federal character of the Union". Britain insists the review clause should be neutral.

David Buchan

'For us there is no France, no Germany'

MR Jean-Eric Bousch, the portly mayor of Forbach in eastern France, has spent much of the last four decades trying to put his town next to the German border at the centre of Europe's industrial map. Mr Bousch's coal-*mining fiefdom* in north-east Lorraine, on the main railway between Paris and Frankfurt, has become a model municipality demonstrating the advantages of the Common Market.

Though suffering from pit closures since the early 1970s, the region on the French side of the border is now a magnet for foreign manufacturers seeking advantage from its relatively low labour costs. As Europe embarks towards political and monetary union, the big question for this frontier community is whether the factors which spurred jobs and investment there during the last decade will be as potent in the future.

Mr Bousch, an owlish 81-year-old Gaullist who has been *in office since 1953, exudes con*fidence. "We are at the crossroads of Europe," he says. "And we will stay that way."

But he reflects that Europe's centre of gravity is inevitably shifting after German unification – which has been the main spur to Europe's quest for greater unity.

Forbach was part of the German Empire between 1871 and 1919. Forbach's citizens speak the same Germanic dialect as the inhabitants of Saarbrücken across the border. "This is one place where there is no resent*ment* between France and Germany," says Mr François Meyer, president of one of the town's football teams. "The people from the Saar are not really German, and the Lorrains are not *really French."*

The D-Mark is already a common currency in Forbach shops. On a winter afternoon, the town's pensioners assemble in a cafe near the town hall to sing lusty songs of the regional Carnival – in German.

Since German unification, the region has already suffered a foretaste of German companies' shifting investment plans. The Audi car company, part of Volkswagen, pulled out of a proposed engine plant in nearby Saareguemines because of its new priorities in eastern Europe.

Lorraine's biggest attraction – the German-style industriousness of its workforce – will, however, remain a powerful benefit.

According to Mr Mike Hoare, managing director of a UK industrial locks company, Eurolocks, which has one of its three continental plants near Forbach, the local work culture is a mixture of "French quality and German quantity". Industrial training in the region is better than in Germany, he says. Local French *workers are* "very hard working, very serious people. They're better at sorting themselves out than the Germans.

Mr Hoare, who is married to a Parisienne and has just attained French nationality, describes the area as a microcosm of a united Europe. For centuries, armies have swept across the Forbach frontier. Today, though, the town is a byword for labour mobility, not for war.

Immigration has traditionally been high and Mr Hoare calls his 100 workers by their Christian names because he cannot remember their complicated Spanish, Ukrainian or Polish surnames.

As for the locals, 12,000 people from the region commute every day to jobs in the Saarbrücken area. One of them is Mr Daniel Combe, a former miner living in the village of Spicheron where Hitler camped with his troops east of the Maginot line at Christmas 1939. Mr Combe says he doubled his wages by finding a job at a German engineering works on the other side of the border, marked by no more than a customs post manned by somnolent functionaries.

The frontier traffic is balanced by more permanent moves in the other direction. Executives say that on the French side of the border they pay half the rate of income tax prevailing in Germany, and housing costs are much lower. A stream of Germans has moved to Lorraine to escape German taxes.

Mr Ulrich Loske is managing director of the south German Lapp electric cables company, which has a new plant on Forbach's industrial zone employing 125 people. He says wages are 40 per cent lower than at the company's headquarters of Stuttgart, only two motorway hours away in his BMW.

Electricity charges are 20 to 25 per cent lower, while building costs are 10 to 15 per cent higher back home. Roughly one-sixth of the company's FFr60m (£6.15m) investment in the plant has been provided by regional aid bodies – including from Sofirem, the industrial conversion subsidiary of the French coal company, Charbonnages de France.

Not surprisingly, despite pressing competition from French manufacturers on the cable market, Mr Loske is *pleased with himself. "For us,* Europe is already united – there is no France, there is no Germany."

David Marsh

UK NEWS

Volvo to close Leyland bus plant at Workington

By John Griffiths

ONE OF the last vestiges of Leyland Bus, the former state-owned company, is being closed by Volvo, its Swedish owner, with the loss of 370 jobs.

Yesterday's announcement means the effective dismantling of Leyland Bus, which once dominated the industry and employed 5,000 people in the early 1980s before deregulation of the UK bus market.

Volvo blames the closure on the collapse of the UK heavy-duty bus market following deregulation. The closure at Workington, Cumbria, involves the end of production of the Leyland Lynx single-decker bus, as well as bodies for the double-decker Leyland Olympian. The move, which entails the loss of 260 jobs early next year, means Volvo is withdrawing from building bus bodies in the UK.

The production of Olympian and Volvo B10M bus chassis, the other Workington activity, is to be transferred to Volvo's truck production plant at Irvine, Strathclyde. This entails the loss of the remaining 110 Workington jobs by July next year, although up to 100 jobs may be created at Irvine.

Some £2.4m is being invested at Irvine in bus chassis production, and output of the Olympian chassis is to continue there.

Volvo Bus said last night that the action had been made necessary by a fall in demand for heavy buses to fewer than 600 this year, which is less than half the 1990 level. As a result of deregulation, there had been a switch in demand to smaller midi buses.

Leyland Bus was sold in 1988 to a management consortium for £4m after the government wrote off £55m of debt.

Less than a year later, the consortium sold the company to Volvo for a reputed £22m, with the Swedish company issuing a pledge that the workforce – then 1,850 strong – would be retained.

At the beginning of 1990 Volvo shifted bus chassis production to Workington from its plant at Farington near Leyland, Lancashire, with the loss of more than 300 jobs.

Farington, which at the time employed 1,200, continues as a components plant. But its workforce has shrunk to 300, and its ownership is being transferred from Volvo Bus to Volvo Trucks. Leyland Bus, as the company name, was itself replaced by Volvo Bus in midsummer.

Sheffield faces £10m student games loss

THE World Student Games held in Sheffield in July left the host city facing a £10m loss – double the predicted shortfall, according to a report.

The study by Mr Malcolm Newman, the Sheffield city treasurer, and Ms Pamela Gordon, chief executive, says income from the games totalled £11m against a forecast of £16m. Sponsorship fell short of its target by £3m while ticket sales and merchandise were also disappointing.

The loss comes on top of a £147m bill for building facilities, to be paid back by the council with interest over the next 25 years. The city faces further cuts on services next year to cover the costs.

The council took over the running of the games in June 1990 after the company set up to raise the cash fell into difficulties.

The council blamed lack of television coverage for the failure to attract big-name sponsors.

Military plant workers strike

MANUAL workers at the Glasgow plant of Barr and Stroud, the military equipment manufacturer, have started an indefinite strike after the company refused to withdraw compulsory redundancy notices to 11 workers.

About 320 of the 950-strong workforce walked out on Thursday after union leaders failed to persuade managers to keep on the 11. The compulsory redundancies, reduced to nine after two of those chosen decided to seek voluntary severance, are the first at the company in recent years.

In the past 2¼ years the manual workforce has fallen from about 1,000 to less than 400. The compulsorily redundancies are among 271 in the latest reduction.

Although workers in other companies have frequently threatened action over redundancies, it is been rare in the current recession for rows over job losses to result in strikes.

Mr Bill Scott, a local official of the AEU engineering union, said eight of the 11 were shop stewards and one was an ex-convenor. Workers felt they had been selected unfairly.

Hope over EC emission target

BRITAIN is likely to meet the European Community's target of stabilising emissions of carbon dioxide, the main greenhouse gas, by the year 2000, according to figures from the Department of Energy.

Previously, the UK has said it cannot meet the target until the year 2005, 12 months later than the date accepted by the other member states.

But new projections from the Department of Energy show that projected emissions of carbon dioxide in the UK are lower than originally forecast, bringing the tougher EC target within grasp.

MPs cool on electricity sell-off

PLANS to privatise electricity in Northern Ireland are unlikely to bring substantial benefits to consumers because Ulster's power industry is too small, according to a backbench committee of MPs.

The plans, scheduled for next year, would transform the current monopoly into at least two generators and a separate supply industry. However, the cross-party energy committee said yesterday the break-up would harm economies of scale.

In a report, the committee urged the government to clarify key points before proceeding. These included power purchase agreements between the generators and Northern Ireland Electricity, how supply competition will work and the rationale for price controls.

Tecs action

A ONE-day strike over secondment arrangements by staff working in Training and Enterprise Councils had little effect, according to the Department of Employment.

No action was taken in 30 out of the 90 Tecs but 840 out of the total staff of 3,818 did take strike action.

Discriminating shoppers dream of a tight Christmas

Stores around the country are facing up to recession. Guy de Jonquières, Gary Mead, Michael Skapinker, John Thornhill and Chris Tighe report

IN MUCH of Britain, retailers are learning a tough lesson in recession marketing this Christmas. Many are finding it is one thing to lure in shoppers – but quite another to get them to dig deep into their pockets.

In London, Harrods says it is "heaving" with people, while Hamleys toystore was so full last Saturday that it had to close its doors temporarily. At the Lakeside shopping centre in Thurrock, Essex, local traffic has been re-routed because of congestion, and 1,000 parking spaces have been added.

In Gateshead on Tyneside, the number of visitors to the vast MetroCentre shopping complex is up 8 per cent on a year ago. A record 200,000 people and 333 coaches poured in from as far afield as the Isle of Man, Southampton and Fife last Saturday. In nearby Newcastle upon Tyne, 250,000 people invaded Eldon Square – one of Europe's biggest city centre shopping complexes – that day.

However, in spite of a blizzard of special offers, discounts, outright sales and widespread Sunday and late weekday opening, many stores are finding it hard to turn consumer interest into sales. And of those which can, many are on wafer-thin profit margins.

"Our impression is that most people have not yet started to make heavy Christmas purchases," says Mr Terence Cudbird, retail marketing director of W.H. Smith, which recently brought forward advertising spending originally allocated to next year's budget.

"People are coming in, but they're being more selective," says Mr Geoffrey Maitland Smith, chairman of Sears, which owns Selfridges in London and the Dolcis and Saxone shoe chains. "They're nosing around and not always buying. They are very value-conscious."

Mr Simon Burke, managing director of Virgin Retail, the music and video chain, reckons the average value of purchases is down by between a third and a half on a year ago, though he still expects to match last Christmas's sales levels.

Even Fortnum and Mason reports a more discriminating attitude among its well-heeled clientele. While its traditional puddings and hampers are selling well, it detects a pronounced trend towards "useful" items such as kitchenware. Sales of its £2.50 Christmas catalogue have doubled, and it considers that another symptom of more careful purchasing.

Catalogue sales have also fared well at mail order companies such as Sears and Littlewoods – better so far than business at their high street shops. By contrast, charities report a 25 per cent fall in Christmas card purchases, 80 per cent of which are made from catalogues.

Dixons, the electrical retailer, says unit sales of consumer electronics are down this Christmas, though more buyers are choosing relatively more expensive products. How far that is because fierce price competition has made them more affordable is unclear.

Parsimony is far from universal. Children appear to be an exception, particularly if they want a Nintendo electronic computer machine, a board game or a video – the films Fantasia, Home Alone and Ghost are best-sellers this Christmas.

Those asking for a Thunderbirds toy will be disappointed, however. Many stores say they have been bombarded since the repeats of the 20-year-old television puppet serial started recently, but toymakers have failed to gear up in time to meet demand.

For the retail trade as a whole, hopes of jingling tills are fixed on northern England and Scotland. Business there is generally brisker than in London and the south-east – as has been the case all year.

House of Fraser says sales at its northern and Scottish stores are running as much as 15 per cent higher than a year ago, against an increase of between 2 per cent and 4 per cent across the UK. The Gateshead MetroCentre confidently forecasts real growth in sales at its 360 shops this Christmas.

The complex's Littlewoods store says business is up 20 per cent on a year ago and Marks and Spencer also reports higher volumes. At the Bainbridge department store in Eldon Square, part of John Lewis Partnership, takings are up by 3.6 per cent, a figure exceeded only by the group's Edinburgh store.

Explaining such buoyancy in a region with the country's highest rate of unemployment, some observers cite relatively low mortgages and the determination of local people to have a good time. Local conditions, however, are only part of the answer: at least as important is that large shopping complexes with good transport links draw customers from a wide catchment area.

That appears to be increasingly true in the south-east. The Lakeside centre, close to the M25 orbital motorway and the recently completed Dartford river crossing, attracted 238 coachloads of shoppers last weekend.

Virgin says its stores in outer London shopping malls are doing better than those in the centre of the capital. House of Fraser says that, except at Harrods, the group's flagship store, "there is a bit of a black hole inside the M25, but outside it, it's a different world".

Just how much these developments have damaged London's West End as the traditional mecca of Christmas shopping is uncertain. Some central London stores are openly gloomy, but others report brisk business.

Marks and Spencer says its Oxford Street stores have been a healthy exception to generally weak sales in the south east. On Regent Street, Garrard, the jeweller, says sales in the past four weeks have been 50 per cent above a year ago. Best-selling items include ladies' brooches priced at between £500 and £2,500.

For a growing number of retailers across the country, however, this Christmas is turning into an exercise in stacking 'em high and selling 'em cheap. Of the 26 biggest retail display advertisements in yesterday's Daily Mirror, 16 were for price promotions.

They included a 60 per cent cut in the price of Hygena kitchens at MFI, a price freeze by Asda on 30,000 items until the end of the year and Comet's promise of "the lowest prices". In addition, stores including Ratners and Debenhams are holding regular one-day sales.

Other groups, such as Sears and House of Fraser, which are refusing to join in the rash of pre-Christmas promotions, doubt much is achieved by radical price-cutting. "I call it madness," says Mr Maitland Smith of Sears. "It has taken sales away from others without earning any profits."

Profit may be a secondary consideration for the most hard-pressed retailers. For them, the most urgent priority is to generate cash and liquidity to satisfy anxious bankers, whose patience may not extend much beyond Christmas.

Lydie van der Meer

Stacking 'em high and selling 'em cheap: some high street stores are holding regular one-day sales with big discounts

More retailers set to open on Sundays

By John Thornhill

THE CREDIBILITY of the Sunday trading law took a further battering yesterday as more retailers announced that they would open seven days a week.

At the same time, Marks and Spencer and C&A – which are both vehemently opposed to Sunday trading while the 1950 Shops Act still applies in England and Wales – yesterday took advertisements in the press explaining their case.

"We accept that some customers may want to shop on Sundays, but we do not think that this gives us the right to break the law," the C&A advertisement said.

The Dixons and Currys electrical goods chains will open about 500 branches between them tomorrow, rising to 900 on the following two Sundays before Christmas.

Kingfisher Group will open about 680 Woolworths branches, 180 Comet stores, and 500 Superdrug outlets in England and Wales tomorrow. About 230 B&Q DIY stores will open, as they do throughout the year.

In spite of the recent heightened publicity surrounding the decision of the big supermarket groups to open on Sundays in the run-up to Christmas, there does not appear to be a significantly higher number of shops opening than last year.

According to the Shopping Hours Reform Council, more than 111,000 shops already open every day of the week, including 47,000 newsagents, 40,000 convenience stores, 15,000 shops in petrol stations, 5,000 video retailers, 2,000 garden centres, 1,000 DIY superstores and 1,000 furniture, carpet and electrical stores.

Mr Nigel Whittaker, Kingfisher's corporate affairs director, said: "We are very strong believers that the law is in a terrible mess and that it is possible to find a compromise. We are determined to help find that compromise."

Toyota forecasts car output of 31,000

By John Griffiths

TOYOTA EXPECTS to produce 31,000 cars at its plant at Burnaston, Derbyshire in 1993, its first full year of production.

Output should then rise rapidly to reach 100,000 a year in 1995, of which 75 per cent will be for export, Mr Junji Numata, chairman of the UK manufacturing operation, said yesterday.

By 1997 output from Toyota Motor Manufacturing (UK) is expected to have doubled again, to 200,000 a year, said Mr Numata.

He was giving the most specific projections to date for Toyota's UK manufacturing venture – at £840m, the single largest investment in Europe undertaken by a Japanese company.

Mr Numata said the £700m Burnaston plant – the largest UK building site after Docklands' Canary Wharf – would come on stream in a year. Production of 1.8 litre engines from a £140m facility under construction at Deeside, north Wales, would start several months earlier.

The cars produced at Burnaston – the successors to Toyota's current Carina model range – will initially have a "local", or European, content of just under 60 per cent, said Mr Numata.

Although EC rules classify a car as European if the last significant production stage takes place within the EC, a local content level of 60 per cent has been the minimum level deemed acceptable in the past by some individual states.

Toyota's indication that this level would not be reached until nearly a year after start-up, could, therefore, cause it problems.

However, Mr Numata said: "We shall have to see if there are any problems, but we see no serious impediment because of the small numbers involved."

Toyota's belief that it can become the first Japanese carmaker to make significant inroads into the UK fleet market was made clear yesterday by Mr Alan Marsh, chairman of Toyota (GB), the UK distribution company, owned jointly by Toyota and the Inchcape group.

He predicted that 40 per cent of Toyota's UK sales in 1993 would be to the fleet and small business sector, as reluctance to "buy Japanese" eroded. He said the company was "already building bridges with the major users in the UK", some 300 companies having attended its first fleet conference.

Toyota warning, Page 12

Support for rural leisure projects

By John Hunt, Environment Correspondent

THERE SHOULD be a general planning presumption in favour of large, leisure developments in the countryside, according to a report from the National Economic Development Council yesterday.

But the environment should be properly protected and there should be constraints on leisure projects in national parks, areas of outstanding natural beauty or scientific interest, and the green belt.

Mr Bill Andrewes, chairman of Granada Leisure Division and leader of the group that produced the report, said: "We need to show conservation groups that knee-jerk opposition to projects in rural areas is not always necessary."

Mr Neil Sinden, planning officer of the Council for the Protection of Rural England, said the report was hopelessly unbalanced and gave great cause for concern.

Projects covered by the report range from leisure centres to theme parks.

The Planning System and Large-scale Tourism and Leisure Developments, Nedo Books, Millbank Tower, Millbank, London SW1P 4QX. £80 plus £1.20 post and packaging.

Treasury sceptical on money indicator

By Rachel Johnson, Economics Staff

THE collapse in monetary growth in the recession – one of the most abrupt in UK economic history – is not likely to be "incompatible" with recovery, Mr John Maples, economic secretary to the Treasury, said yesterday.

Annual growth in M4, the broad measure of money, peaked at about 19 per cent in 1988, but went into a steep decline as the economy went into recession in mid 1990. By October, the year-on-year rate had shrunk to just 6.3 per cent on a seasonally adjusted basis.

This development prompted suggestions – primarily from monetarist economists – that low monetary growth would inhibit recovery. In its autumn bulletin, published today, the Treasury continued the debate by presenting a sceptical analysis of the performance of broad money as an indicator of activity.

It said: "While there are few signs of a pick up in monetary growth as yet, the past record means that a recovery in the near future is far from precluded."

Although the Treasury acknowledged that the move into recession and the monetary deceleration coincided, broad money had given "no clear advance warning" of the downturn.

In the past, its record was no better. In the 1970s and 1980s, M4's average annual growth rate remained steady at about 15 per cent in spite of inflation having halved to around 7½ per cent over the two decades and also financial deregulation, the bulletin said.

But the Treasury did not explicitly contradict the monetarists who have argued that the present low rates of growth would prevent recovery.

It suggested, instead, that current trends in the velocity of money's circulation were likely to be "entirely consistent with with an environment of low inflation and growth at productive potential".

This would follow if wealth stabilised and grew in line with incomes in the 1990s, as rates of M4 growth would be similar to those for money gross domestic product.

Velocity of monetary circulation would then be closer to zero, especially as the bulk of the impact of the 1980s financial deregulation on monetary behaviour should have passed.

The monetary slowdown reflected a reduction in demand for money rather than a credit squeeze.

Institutional demand for equities and bonds – in preference for money – had reduced credit growth. In addition, the UK was not alone in experiencing a slowdown, which was being seen in "most G7 countries".

Treasury Bulletin Autumn 1991, Vol 2, Issue 3, HMSO, £6.50.

SALEROOM

£1.1m for Beethoven manuscript

BEETHOVEN'S autograph manuscript of his Piano Sonata in E Minor, Opus 90, sold for £1.1m at Sotheby's yesterday to the New York dealer Otto Haas. It was an auction record for a single musical work – exceeded only by the £2.35m paid in 1987 for a group of nine autograph Mozart symphonies.

The 28-page working manuscript almost doubled its estimate, partly because it is considered one of Beethoven's finest works for the piano and partly because there are very few manuscripts of important pieces in the composer's hand outside museums.

A Sotheby's auction of musical manuscripts totalled £2.322m and was 13.3 per cent unsold. In the week commemorating the 200th anniversary of Mozart's death there was considerable interest in the lots relating to his work.

A "lost" Mozart manuscript of his Church Sonata in C Major K329 sold for £198,000, below forecast, to Haas, who also paid £103,400, above estimate, for two pages containing autograph alterations by Mozart on the Die Entführung aus dem Serail opera libretto.

Antony Thorncroft

Health trust in single-union deal

By David Goodhart, Labour Editor

NORTHUMBRIA Ambulance Service has made a radical break with industrial relations practices in the National Health Service and signed a single-union deal for its 700 staff.

It is the first of the self-governing health service trusts to take such a step and it is an early sign of the unorthodox, decentralised, employment practices that the trusts are likely to usher in.

The deal, which takes effect in March, gives sole negotiating rights to the Association of Professional Ambulance Personnel (APAP) a union not affiliated to the Trades Union Congress and whose members did not take strike action in the 1989-1990 ambulance dispute.

Three TUC unions – the National Union of Public Employees which is the biggest in the ambulance service, the public service union Nalgo and the general union GMB – will be derecognised if the deal goes ahead.

Nalgo called yesterday's news a "very worrying development". Nupe said that the vast majority of staff wanted to remain members of their TUC unions.

Mr Laurie Caple, chief executive of the Northumbria Ambulance Service, said that all unions had been offered the opportunity to present their case for single-union recognition but the TUC unions had refused to do so. He added that the deal with APAP was "close" to a no-strike deal.

He had not asked the 700 staff to choose whether they wanted a single-union deal or which of the possible unions they would prefer. "That's really a matter for the management," he said.

However, 75 per cent of staff had voted in favour of a local pay and conditions deal which broke with NHS national agreements and thus, he argued, stripped the TUC unions of a role.

Mr Roger Poole, assistant general secretary of Nupe, which represents about 60 per cent of the Northumbria ambulance staff, said that although the union is opposed to the break-up of national bargaining in the NHS it is willing to engage in local bargaining with trusts.

THE BLUE ARROW TRIAL

Cohen unaware of purchase, jury told

By John Mason

MR Jonathan Cohen, a former County NatWest chief executive, could not have known about the late buying of shares in the Blue Arrow rights issue, his counsel told the trial yesterday.

Other witnesses had said the idea for County and Phillips & Drew to take up rights after the issue's deadline had been discussed only after Mr Cohen had approved the bank's investment in the issue, Mr Jeremy Roberts QC said.

Mr David Reed, a former head of corporate finance at County and also a defendant, had told the court that he had not mentioned the late take-up when he telephoned Mr Cohen at home for his approval.

Mr Cohen had thought County would buy its secret holdings in the placing after the issue, Mr Roberts continued. The legality of this had been approved by County's lawyers.

Other witnesses confirmed that it was an established market practice.

Top management within NatWest bank, including Lord Boardman, then chairman, and senior Bank of England officials were among those told later of the secret holdings.

NatWest Investment Bank, County NatWest, UBS Phillips & Drew and five individuals including Mr Cohen deny the secret buying of shares in the issue amounted to a conspiracy to mislead the markets.

The accusation by Mr Philip Rimell, former head of County NatWest Securities, that Mr Cohen had forced County's marketmakers to accept their shares was a lie, Mr Roberts said.

Mr Rimell had been happy to take the shares at the time. It was only after the holdings were publicly announced that Mr Rimell tried to dissociate himself from the transaction.

The trial continues on Monday.

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UK NEWS

Expelled MP will stand against Labour

By Ian Hamilton Fazey, Northern Correspondent

MR TERRY FIELDS, the Liverpool MP expelled from the Labour party for alleged links with Militant, confirmed yesterday he would stand against Labour at the general election.

Mr Dave Nellist, Labour MP for Coventry South East, will also face expulsion when he appears today before a party disciplinary panel on the same charge. He is also expected to stand at the election.

Mr Fields, who held his Liverpool Broadgreen seat with a 6,047 majority in 1987, said he would stand as the Broadgreen Socialist Labour Candidate. He is the seventh MP to be expelled from the Labour party, and the first since Lester Hutchinson, who sat for Rusholme in Manchester. He was one of a group expelled in 1949 for being too sympathetic to Moscow.

His candidature has raised Liberal Democrat hopes of a split in the Labour vote, allowing Miss Rosemary Cooper, a menswear buyer for the Littlewoods stores group and next year's Lord Mayor of Liverpool, to capture the seat.

"The odds against victory are very much shorter now," Miss Cooper said yesterday. She lives in Broadgreen and has been a councillor there for 19 years. The Liberal Democrats have seven of the 15 council seats in the constituency and another is held by an independent liberal.

Labour has five of the remainder, and the other two are held by Broad Left councillors whose supporters are likely to back Mr Fields.

In last May's council elections, the aggregate Liberal Democrat vote in the 15 wards was more than 55 per cent of all votes cast. Labour's share – the two Broad Left councillors had not then broken away – was less than 34 per cent, with the Conservatives accounting for the remainder. Miss Cooper predicted that Mr Fields would win at least 6,000 votes next year, leaving tactical voting by Conservatives the decisive issue.

Labour expressed confidence that, even if Mr Fields held to his decision to stand, the Militant experience at the Liverpool Walton by-election in July would be repeated. The Broad Left candidate, who was aligned with Militant, won fewer than 3,000 votes.

"There's no love lost for the Militant Tendency in Liverpool," a Labour official said yesterday.

Two leading councillors are in the running for the Labour nomination – Mrs Vicki Roberts, who chairs the council's finance and strategy committee, and Mr Alan Dean, chairman of personnel. But the council has just defeated the town hall unions after seven months of bitter strikes, so the choice of either councillor to stand in the election would guarantee vigorous leftwing efforts for Mr Fields.

The likeliest Labour candidate may be Ms Jane Kennedy, a former local representative of the Nupe public services union. She provided Labour with information on Militant in Nupe town hall branches in the mid 1980s.

BR sell-off plan is condemned

By Richard Tomkins, Transport Correspondent

PRIVATISATION of British Rail will lead to a deterioration in services and increased congestion on roads, according to Transport 2000, the public-transport pressure group.

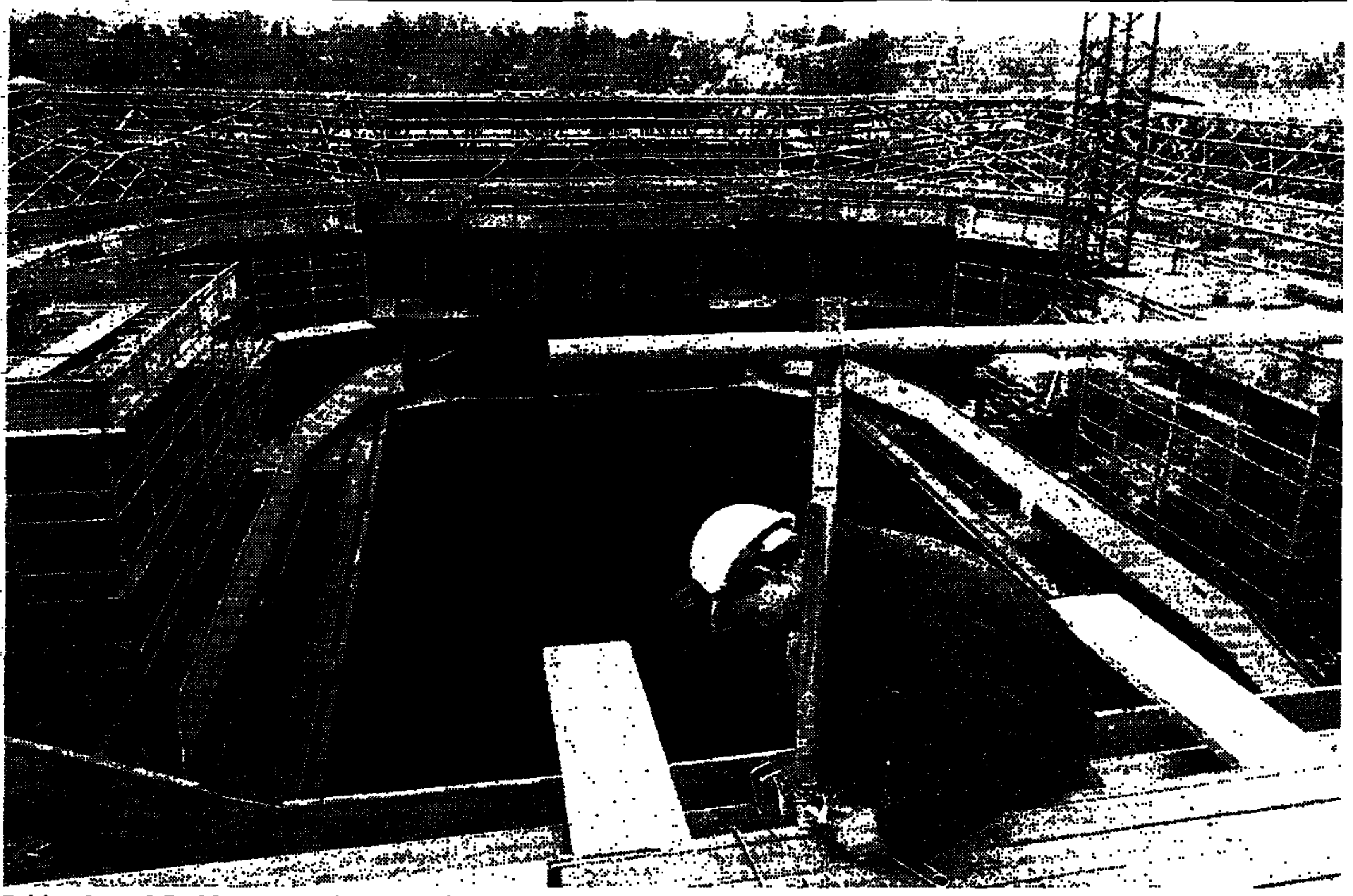
It says many of the rail network's difficulties have been caused by the obsession of successive governments with making it pay. Meanwhile, other European countries are seeing a "rail renaissance" through increased government funding.

The government is expected to unveil its privatisation plans in a white paper next month. Mr Malcolm Rifkind, transport secretary, aims to split BR and sell it off piecemeal during the next parliament.

Transport 2000 says railways face such stiff competition on roads and by air that they are unlikely ever to be profitable for the private sector. Privatisation would therefore probably bring cuts in services as operators concentrated on profitable operations and reduced the less profitable ones.

Other predictions include a reduction in safety standards, increased fares, closure of stations and tracks to make way for property development as well as failure to invest in the renewal of assets such as tracks, trains and signalling, leading to long-term decline.

A New Future For Britain's Railways. Transport 2000, 10 Melton St, London NW1 2EJ. £10.



Raising the roof: Paul Tyers, a construction engineer, works on a £5m covering for Wimbledon Lawn Tennis Club's centre court. The court holds 13,000 spectators, and all will be able to watch matches under cover when the work is complete. Each spectator will have a clear view of matches, whereas at the moment 3,600 of those with seats have to crane round the 26 columns that support the present limited roof. The new roof, supported only by four corner structures, will give the 3,600 seats unrestricted viewing. The roof has also been designed to drain rain from the court, and the project is being conducted by Try Construction of Uxbridge, west London. Photograph by Tony Andrews

Colleges face stern lectures about grievances

Andrew Adonis on demands behind the latest round of student sit-ins

THE Kentish Town site of the Polytechnic of North London has become the latest target in a series of student occupations. The National Union of Students says it is the biggest wave of unrest since 1974.

As term draws to an end, three other London colleges and at least six outside London are occupied. On Thursday a High Court injunction was needed to clear students out of London University's Goldsmith's College after a week-long sit-in.

"It will be a national occupation by next term," says Ms Kay Booker, president of the students' union at the polytechnic.

Occupations are still a minority pursuit. Even at the polytechnic, only about 120 students are working the barricades, and the action was voted on by fewer than 250. The grievances behind the upsurge of protest are real enough, however.

Overcrowding, high rents and book shortages rankle most. Rents at the polytechnic's halls of residence vary from £32 to £50 a week. The union says that, with the maximum student grant for London pegged at £2,845 plus £460 available under the student loans scheme, most students end their first year with debts.

Ms Booker says that in the past year the polytechnic's student numbers have risen from about 7,500 to 8,700, "with virtually no increase in accommodation or staff". The polytechnic said it was unwilling to *respond to specific claims.*

Pressure on charges and accommodation is growing throughout higher education as student numbers increase faster than at any time since the Second World War. In three years, polytechnic student numbers have grown by a third – and by 16 per cent this year alone. Mr Alan Howarth, higher-education minister, has told the Commons that the student/staff ratio in polytechnics has increased in each of the past 10 years, from 9.7 students per lecturer in 1981 to 14.5 now.

Universities are expanding less rapidly and some have their own capital resources, but with 8.7 per cent more students this year, they are experiencing many such pressures.

The expansion is being encouraged. In the higher-education white paper published in May, Mr Kenneth Clarke, education secretary, unveiled a goal for the year 2000 of 75 per cent more students than in 1987, with a third of all 18-year-olds proceeding to higher education. There will be no matching resources for buildings, libraries and equipment.

Sir Ron Dearing, chairman of the Higher Education Funding Council, says the expansion by polytechnics has been accomplished "without any *significant* increase in accommodation; by a highly professional approach to its use, including major extensions to the length of the working day and working week". He calls it "a major achievement in effective management".

Perhaps it is, but fears for quality are all too real. The latest device in polytechnics for boosting numbers is to franchise courses out to further-education colleges.

Her Majesty's Inspectorate is broadly satisfied with the teaching on such courses but *says that equipment provision* in such colleges is "often more limited than in polytechnics".

This may be the shape of things to come. Many see Britain moving down the continental road, where "open" higher education means jammed lecture theatres, inadequate facilities and indebtedness for most students. But not quite all: Oxbridge and wealthier universities look set to become, relatively, a still more privileged higher-education elite.

Should Ms Booker's prediction come true, note the colleges *not* under siege next term.

LONDON MARKET STATISTICS

ECONOMIC DIARY

TOMORROW: Romania holds referendum on new democratic constitution. The announcement of allocations for BT retail share offer takes place.

MONDAY: European Community summit in Maastricht (until December 10). Agenda likely to be dominated by finalisation of treaty on political union and economic and monetary union. Food facts (third quarter). Credit business (October). Retail sales (October-final). European Parliament in session in Strasbourg (until December 13). The Islamic Conference Organisation holds its sixth summit in Dakar (until December 12). Israeli delegates are expected to put in an appearance at the Middle East talks in Washington.

TUESDAY: International banking statistics (third quarter). Producer price index numbers (November-provisional). US current account (third quarter). The fifth North and South Korean prime ministers' talks are held in Seoul (until December 13).

WEDNESDAY: United Kingdom balance of payments (third quarter). US wholesale sales and inventories. European Community agriculture council meets in Brussels. Mr Li Peng, prime minister of China, pays three-day visit to India. US wholesale sales and inventories.

THURSDAY: Capital issues and redemptions (November). CBI survey of distributive trades (November). US producer price index for November; retail sales for November. The European Community joint environment/energy council meets in Brussels. Greece's biggest labour unions cooperate to stage nationwide strike in protest against the economic austerity measures.

FRIDAY: Usable steel production (November). Retail prices index and tax and price index (November). Construction output (third quarter-provisional). Hearing in New York on order freezing assets of Bank of Credit and Commerce International (BCCI) in the United States.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Dec 6 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Thu Dec 5 Index No.	Wed Dec 4 Index No.	Tue Dec 3 Index No.	Year ago (approx) Index No.	1991 High		1991 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (179)	718.82	-0.6	9.49	6.71	13.46	33.34	723.13	728.92	734.48	730.15	890.04	15/3	675.31	16/1	1038.07	16/7/87	50.71	13/12/74
2	Building Materials (23)	849.28	-0.6	8.21	7.33	16.45	41.75	854.55	853.72	867.68	987.25	1167.75	14/3	849.28	6/12	1381.08	16/7/87	44.27	11/12/74
3	Contracting, Construction (29)	895.94	-0.6	8.36	8.45	17.54	51.30	900.97	906.47	919.86	1145.24	1438 66	15/3	895.94	6/12	1951.50	16/7/87	71.48	2/12/74
4	Electricals (10)	2325.91	+0.4	10.37	6.35	12.28	98.23	2316.13	2321.64	2304.96	1940.33	2675.48	1/10	1837.98	22/1	3040 80	8/9/69	84.71	25/6/62
5	Electronics (25)	1602.93	-1.0	11.54	5.38	10.99	52.97	1619.10	1633.45	1609.51	1539.89	1958.19	15/3	1478.08	16/1	2308 22	19/5/89	1229.01	8/10/85
6	Engineering-Aerospace (8)	323.99	+0.3	17.30	8.02	6.98	18.52	323.16	324.61	326.03	410.60	469.23	9/4	322.71	2/12	502.42	13/6/90	322.71	2/12/91
7	Engineering-General (43)	448.24	-0.2	10.79	5.60	11.43	17.78	449.29	455.46	452.10	373.22	503.16	2/10	339.57	23/1	505.10	15/6/90	339.57	23/1/91
8	Metals and Metal Forming (9)	299.33	-0.9	2.19	11.76	-	25.21	302.07	303.14	308.86	411.53	509.18	3/4	299.33	6/12	596.67	9/10/87	49.65	6/1/75
9	Motors (12)	274.53	-1.6	9.43	8.77	14.08	17.56	278.98	286.10	289.73	300.88	371.25	6/9	266.43	16/1	411.42	13/10/87	19.91	6/1/75
10	Other Industrial Materials (20)	1438.63	-0.6	8.36	5.70	14.23	58.79	1447.47	1461.56	1486.36	1267.76	1695.01	2/9	1147.76	16/1	1881.53	18/8/89	277.55	15/1/81
21	CONSUMER GROUP (198)	1532.98	-0.5	7.68	3.69	16.08	38.15	1540.21	1546.00	1536.72	1238.49	1607.13	14/11	1188.45	16/1	1607.13	14/11/91	61 41	13/12/74
22	Brewers and Distillers (23)	1872.01	-0.1	9.05	3.71	13.38	39.79	1874.08	1884.28	1860.50	1590.14	1964.41	12/11	1478.24	25/1	1964.41	12/11/91	69.47	13/12/74
25	Food Manufacturing (19)	1179.04	+0.2	9.75	4.29	12.65	33.08	1176.50	1186.83	1183.04	1029.09	1251.91	2/10	1013.60	16/1	1251.91	2/10/91	59.67	11/12/74
26	Food Retailing (17)	2372.06	-0.8	9.77	3.49	13.29	58.56	2391.66	2397.58	2383.71	2305.62	2854.91	2/5	2231.21	22/11	2854.91	2/5/91	54.25	11/12/74
27	Health and Household (23)	4078.69	-1.1	5.05	2.36	22.76	72.62	4123.96	4093 67	4054.03	2514.40	4257.72	14/11	2454.93	16/1	4257.72	14/11/91	175.38	28/5/80
29	Hotels and Leisure (24)	1217.79	-0.6	8.37	5.82	14.78	45.61	1224.60	1248.40	1253.13	1245.15	1405.62	2/9	1066.91	25/1	1845 77	8/9/89	54 83	9/1/75
30	Media (25)	1407.09	+0.2	7.38	5.05	17.76	47.66	1404.91	1424.28	1423.25	0.00	1565.67	20/9	1166.91	16/1	1565.67	20/9/91	1166 91	16/1/91
31	Packaging, Paper & Printing (17)	715.44	-0.6	7.55	4.64	16.06	24.43	719.62	733.67	738.89	530.47	788 41	9/9	486.96	16/1	788.41	9/9/91	43.46	6/1/75
34	Stores (32)	966.48	-0.4	7.83	3.85	16.81	26.74	969.93	973.01	970.21	827.98	1042.47	8/11	766.89	29/1	1160.58	29/7/87	52 63	6/1/75
35	Textiles (10)	596.26	+0.4	7.75	5.21	16.45	21.18	593.80	603.51	598.90	439.47	652.30	1/11	396.58	28/1	914.52	2/10/87	62 66	11/12/74
40	OTHER GROUPS (112)	1158.86	-0.8	10.37	5.71	12.18	38.39	1168.68	1181.32	1181.24	1023.05	1330.48	2/10	961.05	16/1	1330.48	2/10/91	58 63	6/1/75
41	Business Services (13)	1369.37	.....	7.27	4.75	17.48	46.93	1370.06	1397.74	1381.08	0.00	1447.24	4/10	892.28	1/2	1447.24	4/10/91	892.28	1/2/91
42	Chemicals (21)	1352.34	-1.3	7.37	5.43	16.83	54.15	1370.05	1386.48	1381.82	1071.26	1520.52	2/9	1004.01	16/1	1545.46	5/10/87	71.20	1/12/74
43	Conglomerates (11)	1256.67	-1.6	11.60	8.55	10.59	38.95	1277.45	1303.29	1326.09	1312.57	1626.42	14/3	1217.37	16/1	1819.46	11/8/89	975.19	10/11/87
44	Transport (14)	2165.05	-0.7	5.93	5.22	22.22	79.12	2181.08	2206.33	2190.27	1941.28	2425.36	2/10	1730.67	23/1	2554.69	12/7/89	90.80	29/6/62
45	Electricity (16)	1147.05	.....	15.63	5.90	8.32	27.53	1146.46	1155.03	1152.55	0.00	1286.51	2/10	994.96	7/1	1286.51	2/10/91	994.96	7/1/91
46	Telephone Networks (4)	1399.20	-0.8	11.22	4.48	11.64	28.34	1409.84	1414.07	1420.75	1179.27	1658.67	2/10	1085 95	16/1	1658.67	2/10/91	517 92	30/11/84
47	Water (10)	2184.65	-0.1	19.36	7.22	5.70	131.43	2187.57	2198.20	2184.95	2194.95	2539.85	6/9	2134.83	16/1	2539.85	6/9/91	1820.20	1/5/90
48	Miscellaneous (23)	1707.95	-1.4	5.86	5.80	23.48	73.58	1731.75	1764.22	1750.47	1584.34	2033.42	15/8	1506 17	16/1	2087.06	11/7/89	60 39	6/7/75
49	INDUSTRIAL GROUP (481)	1208.42	-0.6	8.85	4.85	14.16	37.70	1215.82	1223.97	1221.81	1048.65	1326.09	6/9	991.97	16/1	1326.09	6/9/91	59 01	13/12/74
51	Oil & Gas (19)	2152.90	-2.0	12.00	6.52	11.02	104.27	2197.48	2216.43	2215.41	2309.46	2509.42	23/7	2101.45	21/1	2528.70	3/8/90	87.23	29/5/62
59	500 SHARE INDEX (500)	1291.39	-0.8	9.21	5.04	13.72	42.97	1301.50	1310.53	1308.42	1152.52	1424.90	2/9	1092.04	16/1	1424.90	2/9/91	63.49	13/12/74
61	FINANCIAL GROUP (91)	691.06	-0.3	-	6.74	-	33.01	693.16	706.90	714.13	741.22	859.94	15/3	667.36	16/1	896.67	13/10/87	55 88	13/12/74
62	Banks (9)	796.73	+1.2	5.00	6.66	39.18	37.46	787.42	806.85	822.38	796.55	990.15	6/9	695.08	15/1	990.15	6/9/91	62.44	12/12/74
65	Insurance (Life) (7)	1356.16	-2.1	-	6.24	-	63.68	1385.88	1409.76	1415.98	1340.54	1632.53	4/9	1220.74	16/1	1632.53	4/9/91	44 88	2/1/75
66	Insurance (Composite) (7)	493.77	-2.4	-	8.83	-	32.94	505.92	515.55	514.30	643.55	728.27	15/3	493.77	6/12	768.11	29/12/89	43.96	13/12/74
67	Insurance (Brokers) (10)	966.48	-0.4	8.45	6.92	15.57	49.14	970.07	983.93	1001.96	1006 74	1202.38	5/4	932.88	23/1	1399.56	17/7/87	65.86	16/12/74
68	Merchant Banks (7)	451.09	-0.5	-	4.77	-	14.84	453.38	465.67	466.86	361.08	498.05	15/11	327.70	16/1	547.59	12/10/87	31.21	7/1/75
69	Property (35)	821.06	-0.3	6.14	5.72	23.71	28.81	823.80	833.37	837.56	992.04	1087.65	15/3	821.06	6/12	1398 87	5/9/89	56 01	20/4/65
70	Other Financial (16)	230.88	-0.9	11.47	7.57	10.97	11.85	233.01	236.00	236.86	254.79	298.63	15/3	230.88	6/12	603.48	16/7/87	33.29	17/12/74
71	Investment Trusts (70)	1133.87	-0.4	-	3.81	-	30.42	1138.67	1148.53	1139.13	1025.80	1261.80	6/9	947 19	16/1	1323.81	4/1/90	71.12	13/12/74
99	ALL-SHARE INDEX (661)	1148.49	-0.7	-	5.21	-	40.06	1156.71	1166.58	1166.18	1050.67	1284.07	6/9	987.46	16/1	1284.07	6/9/91	61 92	13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 5	Dec 4	Dec 3	Dec 2	Nov 29	Year ago	1991 High		1991 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX‡	2388.7	-18.3	2413.6	2375.3	2407.0	2423.8	2420.2	2414.9	2420.2	2183.4	2679.6	2/9	2054 8	16/1	2679.6	2/9/91	986 9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 6	Day's change %	Thu Dec 5	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (28)	122.33	+0.16	122.14	2.48	10.75
2	5-15 years (27)	135.60	+0.25	135.26	3.05	11.84
3	Over 15 years (8)	143.47	+0.04	144.12	2.12	12.20
4	Irredeemables (6)	157.78	+0.21	157.44	1.23	13.68
5	*All stocks (69)*	*133.66*	*+0.20*	*133.45*	2.79	11.65
	Index-Linked					
6	Up to 5 years (2)	167.05	....	167.04	0.67	3.16
7	Over 5 years (9)	148.58	-0.14	148.79	1.22	3.83
8	All stocks (11)	150.00	-0.11	150.17	1.13	3.81
9	Debs & Loans (62)	113.22	+0.48	112.68	1.68	10.59

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 6	Thu Dec 5	Year ago (approx.)	1991 High		1991 Low	
	British Government								
1	Low	5 years	8.72	8.80	9.55	10.14	16/1	8.42	12/11
2	Coupons	15 years	9.46	9.47	10.05	10.24	2/1	9 24	18/9
3	(0%-7¾%)	20 years	9.46	9.47	10.09	10.26	2/1	9.24	18/9
4	Medium	5 years	9.78	9.86	10.77	11.15	2/1	9.56	20/9
5	Coupons	15 years	9.59	9.60	10.45	10.62	2/1	9.41	20/9
6	(8%-10¾%)	20 years	9.55	9.55	10.30	10.50	2/1	9 35	18/9
7	High	5 years	10.02	10.08	10.89	11.25	2/1	9.75	20/9
8	Coupons	15 years	9.67	9.69	10 64	10 80	2/1	9 50	18/9
9	(11%-)	20 years	9.59	9.60	10.48	10.67	2/1	9.41	18/9
10	Irredeemables	†	9.65	9.67	10.31	10.48	31/12	9.43	18/9
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	3.95	3.94	3.82	4.48	15/7	3.59	18/1
12	Inflation rate 5%	Over 5 yrs.	4.32	4.31	4.13	4.40	1/8	4.09	18/2
13	Inflation rate 10%	Up to 5 yrs.	3.33	3.32	2.59	3.60	9/7	2.13	21/2
14	Inflation rate 10%	Over 5 yrs.	4.15	4.13	3.95	4.22	15/8	3 90	12/4
15	Debs &	5 years	11.32	11.37	12.63	12.63	9/1	11.08	25/9
16	Loans	15 years	11.14	11.20	12.40	12.38	18/1	10.84	23/9
17		25 years	10.97	11.03	12.18	12.16	18/1	10.66	23/9

‡Opening index 2402.6; 9 am 2409.9; 10 am 2409.0; 11 am 2410.7; Noon 2402.3; 1 pm 2399.6; 2 pm 2383.7; 2.30 pm 2377.1; 3 pm 2382.1; 4.10 pm 2389 5; (a) 10.36am (b) 2.37pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114 13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991. CONSTITUENT CHANGES: ADDITIONS: Burn Stewart Distillers (22), Domestic & General Group (66), Housing Finance Corp 11.5% Debenture 2016, Brixton Estates 10.625% Debenture 2012, Warner Howard Group (41). DELETIONS: National Home Loans (70), TVS Entertainment (30), Beazer (3).

LONDON TRADED OPTIONS

Option	CALLS Jan	Apr	Jul	PUTS Jan	Apr	Jul
[illegible]						

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	42	ICI	85	Reed Intl	35	MEPC	42
Allied-Lyons	50	Comm Union	40	Ladbroke	21	Sears	8½	Mountleigh	4
Amstrad	6	Courtaulds	38	Legal & Gen	33	SmKl Bchm A	53	**OILS**	
Astec (BSR)	5	Eurotunnel	50	Lex Service	16	TI	39	Aviva Pet	3
BAT Inds	53	FKI	5	Lloyds Bank	30	TSB	11	BP	26
BOC	48	FNFC	10	Lonrho	20	Tesco	21	Burmah Castrol	47
BTR	33	Forte	21	Lucas Inds	12	Thorn EMI	65	Conroy Pet	8
Barclays	34	GKN	28	Marks Spencer	21	T & N	14	Gaelic Res	1
Blue Circle	20	Gen Accident	43	Midland Bank	20	Unilever	60	Premier Cons	4
Boots	33	GEC	16	NatWest Bank	26	Vickers	16	Shell	40
Bowater	55	Glaxo	110	P & O Dfd	41	Wellcome	60	*Tuskar Res*	1
Brit Aerospace	35	Grand Met	67	*Racal Elect*	6	**PROPERTY**		Ultramar	20
British Steel	10	GRE	14	RHM	23	Brit Land	27	**MINES**	
Brit Telecom	33	Hanson	17	Rank Org	55	Control Sec.	2	RTZ	46
Cadburys	35	Hawker Sidd	55	Ratners	12	Land Sec.	41		

Toyota forecasts car output of 31,000

By John Griffiths

FINANCIAL TIMES

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Weekend December 7/December 8 1991

Twelve go to Maastricht

EUROPE'S eyes focus upon the small Dutch town of Maastricht this weekend with some surprise that there is so much to settle that is so momentous.

The commitment to an economic and monetary union among 340m citizens is an historic enterprise. So too is the formal insertion into EC affairs of two new "pillars" of activity concerning internal and external security. The dreams of the Community's founding fathers continue to be realised or exceeded. That said, Maastricht will be no place for dreamers. No previous EC summit has faced so much detailed business.

There are six main disagreements, over: the finality of commitment to Emu; mechanisms for implementing foreign and defence policies; the extension of majority voting on employment issues; the financial position of poorer states; the extent of veto powers for the European Parliament; and over a range of new "competences" in areas such as tourism, industry, environment and health. Some of these are re-statements of existing competences, albeit, as in the case of industry, with an undesirable spin. Others need to be, and probably will be, struck out or firmly circumscribed.

An over-arching dispute concerns the word federal. The political treaty closes by promising a summit in 1996 to discuss whether the Maastricht agreements are "re-inforcing the federal character of the union". A more rewarding definitions dispute would tackle the treaty's still too timorous definition of subsidiarity; that aspect of the community's creed most widely proclaimed by politicians but violated by the Commission.

Middling position

None of the items on this list is beyond resolution. In the case of the Parliament, social policy and foreign affairs, a deal must mean a middling position on precise zones of action. Overall, precision of treaty language, not unanimous voting, is the antidote to unintended bureaucratic powers; in a Community of 12, majority voting is the only alternative to paralysis.

This is not to say that these are minor differences. For example, whether the Twelve can agree a firm commitment to Emu will determine, in practice, whether those states, like Italy, with the most painful economic convergence ahead of them, can summon the necessary political will.

In foreign policy, the treaty offers an awkward compromise, which will not be made elegant by further amendment, since its awkwardness arises from the mistrust which inspired the three-pillar structure. Europhiles hope and expect that by 1996 this hybrid will have proved unworkable and will be abandoned. Those who favour inter-governmental arrangements have a chance to prove them wrong.

Not forever

This area of the treaty illustrates clearly that Maastricht as a constitution is very much a work in progress; a single frame of a moving picture, or at best a reel, rather than the whole show. Those who say that the political union treaty is messy, imprecise and, at points, eccentric are right. But no constitution is forever – President Mitterrand is trying to change France's again; Britain's Act of Union may well not survive the next parliament. One of the EC's greatest strengths has been its varied marching pace – from state funeral slow to full-blooded charge. The speed, of course, is dictated by domestic politics and the world at large, which is exactly as it should be. The same factors will no doubt re-shape the EC's constitution many times, so there will be opportunities to address again abiding concerns: the still lame European parliament and the powers of the Commission, essential to the construction of the Community, but too great and opaque for political maturity. This is the very flexibility which has brought the Community to the point where it can contemplate the formidable Maastricht agenda with confidence.

Thus far, however, the Community's driving force has been mainly economic: the construction, according to liberal, market economy principles, of a union which has enhanced Europe's affluence and influence. But the original vision, it is sometimes forgotten, was political; a binding of the continent's post-war wounds. Those who doubted the Community's political mission have, since the fall of the Berlin Wall and the collapse of the Soviet Union, been obliged to review their opinion.

Since 1989, Europe has shown itself again to be a continent of revolution and civil war; meanwhile the US has had to ask Europe to do more for its own security. In these circumstances, the western part of Europe cannot afford anything less than unity.

Nor can the Community afford, Gatt-style, negotiations without buffers, which lead to self-absorption and inaction. Tomorrow's agenda may be too big for two days, but the world must have a Maastricht deal by Christmas.

Where did the money go?

Maxwell's missing millions!

• Ten questions that need answers

BY FT WRITERS

QUESTION ONE

Where has the money gone?

Mr Robert Maxwell's sprawling network of private companies devoured £600m in cash, which he stripped from his public companies and their pension funds between May and his death on November 5. Another £100m had earlier been channeled to his private companies from one of the public companies, Maxwell Communication Corporation. That is the conclusion of an investigation by Coopers & Lybrand Deloitte, the accountants, which has been reported to the Maxwell family's banks.

Some of this cash went to pay interest on bank loans, which are estimated at £900m. There was also a series of demands from banks for the immediate payment of some debts.

The pressure on his private companies was particularly acute when he died on November 5. Just three weeks earlier, Citibank had been clamouring for payment in respect of a foreign exchange transaction – he eventually gave the US bank shares worth £37m. On the day he died, Swiss Bank Corporation demanded immediate payment of £55m.

A further drain came from the fall in value of the Maxwell family's assets, most notably its shareholdings in MCC and Mirror Group Newspapers. Much of these holdings was pledged to the banks as collateral. As the shares fell in price, Mr Maxwell was forced to find new assets to pledge to the banks.

In addition, some of his hobby-horses were money-losers. The European, the ambitious pan-European newspaper, and the New York Daily News, the US tabloid he bought in March, have been making big losses.

Would £600m have been devoured in this way? That hardly seems likely. Coopers does not know exactly what happened to the cash – nor do other financial consultants, the banks or the Serious Fraud Office, which are all inspecting the Maxwell businesses' accounts. But they are digging assiduously – and the answer will not remain buried for long with Mr Maxwell in the Mount of Olives.

QUESTION TWO

Would it have happened if Captain Bob was still alive?

The house of cards would almost certainly have started to fall soon, even without Robert Maxwell's death. It has now been revealed that much of the private debts were secured on the shares of MCC. That means that anything that caused the shares to fall could have triggered the collapse. Analysts have suggested that the MCC results due this month might have done that. Robert Maxwell had talked repeatedly of floating MCC's US businesses on the US markets, despite City scepticism that it would raise enough money to solve MCC's debt problems. In retrospect Maxwell may have been seizing at an immediate source of cash – but that could have yielded only a temporary postponement of the crisis.

QUESTION THREE

When did things start to go wrong?

The turning point was November 1988, when Robert Maxwell agreed to pay $3.3bn for Macmillan and Official Airlines Guides, at far too high a price. The deals he did before 1988 – creating Pergamon Press, buying the Mirror, BPCC and Philip Hill Investments – were good by any financial standards. The deals after that – including the launch of the European, the purchase of the New York Daily News and his eastern European newspaper investments – all consume cash.

QUESTION FOUR

Could he have behaved like this without anyone else knowing?

It is hard to see how Robert Maxwell could have arranged the transfer of around £700m from the public companies to his private ones without the help of other people. That is not to say that anyone else knew the whole picture.

QUESTION FIVE

Why didn't the City or the press blow the whistle much earlier?

Whistles have been blown on and off for years, but they have often been drowned by the roar of the crowd. Robert Maxwell took endless pains to cultivate his image and he was ruthless at pursuing critics through the courts. It was not worth most people's while to fight Maxwell. His readiness to sue was legendary, but somehow the public did not get the implied message that he had a lot to hide.

A crucial event in his career was his takeover and turnround of British Printing Corporation ten years ago. This earned him the enduring gratitude of National Westminster Bank. He took care never to upset the banks, and indeed advisers and associates of many kinds were inundated by charm and money. Threats, if necessary, came later.

If he is persistent enough, a rogue can wear down his critics. In the end they shrug their shoulders and hope that somebody else will act as policeman.

QUESTION SIX

What's going to happen to Mirror Group and MCC pensioners?

Despite their early fears, Mirror Group Newspaper pensioners should rest easy this weekend; their pensions should be safe, despite the £350m actuaries currently think is missing from the scheme. The Mirror Group is strong enough to resume pension contributions at a rate that will eventually make the scheme "fully funded" in an actuarial sense – its assets are currently thought to be £110m less than actuarial liabilities.

But nothing is certain until Coopers gives a preliminary estimate of the damage, probably next week. Pensioners will also want to know whether a new owner of Mirror Group will be prepared to increase pension payments, a factor which in turn will determine the price a buyer will pay.

Pensioners at MCC in the UK can be less sanguine because the group will almost certainly not survive as such (the pensions of the main businesses in the US appear to remain intact). Trustees believe about £50m is missing from MCC's UK pension funds, which were previously thought to be in significant surplus. If MCC does not survive, it is less certain that pension contributions could be resumed at a sufficient rate to fill the hole and pensioners might receive reduced payments.

QUESTION SEVEN

What laws did Maxwell break?

Newspapers have hinted that Mr Maxwell broke the law in draining cash from his public companies and their pension funds. The suspicion is supported by the decision of the Serious Fraud Office to investigate the disappearance of the money. But there is no conclusive proof of lawbreaking.

Transferring funds out of the pension fund may have been fraudulent, if Mr Maxwell gave a false impression of what the money was for.

His sale of assets held as collateral for the pension funds is also questionable. The proceeds of the sale were supposed – under an agreement between a Maxwell private company and the pension funds – to have been transferred back to the pension funds. But instead these proceeds disappeared, leaving the funds facing losses of £300m.

As for the transfer of funds out of MGN and MCC, Mr Maxwell would have been forced to disclose these transactions under company law. However, the transactions appear to have taken place very recently and disclosure may not have been necessary until publication of the next set of company accounts.

There are also severe restrictions in the Companies Act on loans to company directors. However, whether the loans to the private companies were contrary to law depends in part on the public companies' articles of association. If a moral case against the late Mr Maxwell is easy to construct, a legal one may be harder.

QUESTION EIGHT

What are the political implications?

The furore over Maxwell brings bad news all round for Westminster's finest. In terms of public perception of the nation's rulers it reinforces the popular belief that both parties are subject to periodic scandals – the Tories about sex, and Labour about money.

For Labour there is the particular embarrassment that their highest profile business supporter is now exposed as a crook. The opposition also fears that even if Mirror newspapers remain loyal to Kinnockism under their eventual new owners, they may not retain the zeal with which they have pursued crusading campaigns.

For the Tories, there is the growing prospect of Maxwellgate joining the list of all-purpose City horrors – such as Polly Peck and BCCI – which could have been prevented if only the government had been ready to act as promptly and effectively as Labour would, of course, have done if in power. Finally, there is also a whiff of gullibility in high places: not only was John Major effusive in his reaction to Maxwell's death, but even the statesmanlike Douglas Hurd paid tribute to Maxwell's "flair for business".

> The house of cards would almost certainly have started to fall without Maxwell's death

QUESTION NINE

Does this finally prove that something must be done about corporate governance?

There is already a committee on corporate governance beavering away under Sir Adrian Cadbury. Many other corporate failures and scandals in the past couple of years have provided evidence of the need for reform. But it is not clear that simply changing the structure of boards – splitting the roles of chairman and chief executive, for instance, and imposing requirements for non-executive directors and audit committees – would have necessarily stopped Robert Maxwell in his tracks. He could have installed his family members, or various stooges, in key positions.

All the same, the arguments for preventing an excessive concentration of power are strong. Yet there is a strong tradition of glamorising powerful individuals in Britain, where the stock market and the press tend to follow personalities. This tradition was eagerly exploited by Maxwell.

QUESTION TEN

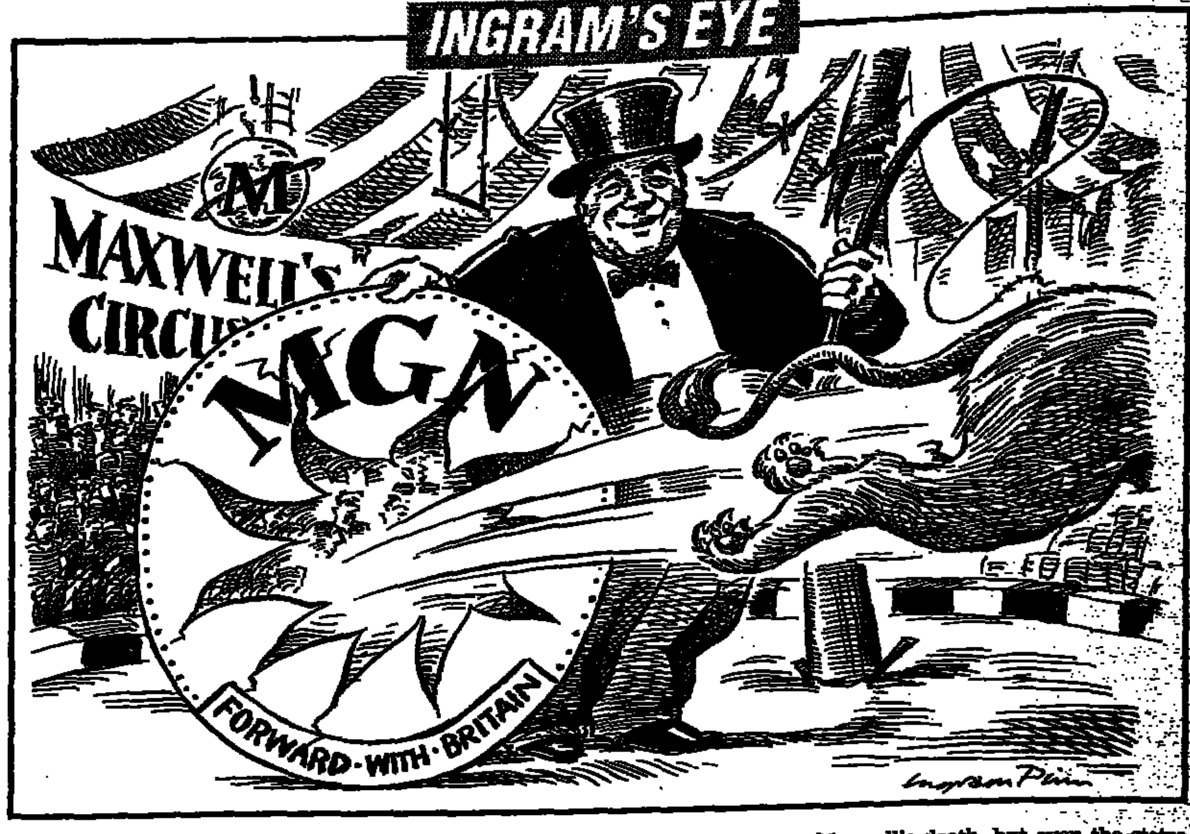
Has all this got anything in common with all the other financial shenanigans that have come to light in the past couple of years?

Robert Maxwell had been around for forty years but he only became a really major tycoon in the 1980s. The conditions were perfect for him and many other unscrupulous operators. Financial deregulation meant that huge lines of credit became available from bankers who were unused to working in competitive conditions. At the same time standards of auditing were going from bad to worse, and the general willingness to comply with the spirit rather than the letter of the commercial law was breaking down under the forces of competition and greed being unleashed on both sides of the Atlantic.

Traditional standards such as the Stock Exchange's my word is my bond and club-like rules such as those of the Takeover Code may need to be reinforced if dubious businessmen are to be prevented from taking undue advantage of deregulated markets.

Your FT reporting team: Robert Peston, Barry Riley, Bronwen Maddox, Richard Gourlay, Raymond Snoddy and Alison Smith

INGRAM'S EYE



MAN IN THE NEWS

Sam Skinner

Ultimate test for Bush's 'master of disaster'

By George Graham

Not for nothing has Mr Sam Skinner come to be known as President George Bush's "master of disaster". In his three years as secretary of transportation Mr Skinner has acted as the president's roving troubleshooter in a series of catastrophes: the Exxon Valdez oil spill, the San Francisco earthquake, Hurricane Hugo.

But his latest task is perhaps his greatest: Mr Skinner has to save the Bush administration not from fire, famine or flood, but from the political disarray that has dogged it in the past few months and cast Mr Bush's re-election next year which only three months ago seemed a racing certainty into doubt.

As the new White House chief of staff, Mr Skinner's first task is to repair the damage caused by months of insistent sniping at his imperious predecessor, Mr John Sununu.

Mr Sununu's intellect was widely praised, but it was more than matched by his arrogance and intolerance. His abuse of official aircraft for private trips made him an easy target for jokes from Democrats, and several recent political blunders turned him, as he acknowledged in his resignation letter, into a "political negative".

Mr Skinner's record suggests he has the managerial and diplomatic skills to deal with at least those parts of the problem that stemmed from his predecessor's abrasive personality. He excelled in three different careers before arriving in Washington: first as a salesman of the year for IBM; then as a federal prosecutor fighting corruption in the Chicago political machine created by the late Mayor Richard Daley; and finally as chairman of the Chicago metropolitan area transport authority.

As prosecutor, Mr Skinner earned another nickname – "Sam the hammer". He won the first recorded conviction against a sitting US appeals court judge, personally arguing the case against Judge Otto Kerner, a former governor of Illinois who was found guilty of bribery, conspiracy and income tax evasion.

As mass transport manager, he returned the US's second largest bus and rail system to solvency, winning funding from an Illinois state legislature that has not always lent a willing ear to the problems of its biggest city.

In Washington, he has shown the same prowess at maintaining good relations with the legislature. Mr Norman Mineta, Democrat chairman of the House of Representatives sub-committee on surface transportation, described Mr Skinner, 53, as "the best and the brightest" in the Bush cabinet.

"He's smart, he's decisive. On Capitol Hill people want to be able to believe what somebody says, and they can believe what Sam Skinner says," says Mr Jack Gilstrap, executive vice president of the American Public Transport Association, on whose board Skinner sat when he chaired the Chicago transit system.

Mr Skinner will need all his managerial skills to tackle one part of the Sununu legacy; the current chaos in the White House where senior aides pursue their own pet projects regardless of the administration's overall policy.

Good management, however, will not alone deal with the administration's lack of philosophical direction – President Bush's acknowledged weakness on "the vision thing". This weakness is particularly acute on economic policy. Mr Bush has flip-flopped for weeks, torn between calls for action from the Republican right and his desire to avoid letting the budget deficit balloon even further.

Democrats such as House Majority Leader Mr Richard Gephardt have been quick to point out that while the chief of staff is changing, the administration's economic policies remain the same. "The American people recognise that staff come and go; what matters is whether the president is prepared to change his economic policies," says Mr Gephardt.

According to a Time-CNN poll, only 18 Americans in 100 now think Mr Bush is doing a good job in handling the economy. And the tactic of blaming the recession on the Democrats for not passing the president's bills has proved unconvincing. Indeed, President Bush's most vocal critics are his own party and his own administration.

Mr Jack Kemp, the housing and urban development secretary, has for weeks been publicly feuding with the White House over the need for urgent action to stimulate the economy. He has been supported by Mr Newt Gingrich, the Republican whip in the House; two weeks ago, half the House Republicans openly rebelled by signing a letter begging the president to put Mr Kemp in charge of domestic policy.

Right-wing challengers such as Mr David Duke, the ex-Ku Klux Klansman from Louisiana, or Mr Patrick Buchanan, the newspaper commentator and former White House speech writer, stand little chance of taking the 1992 Republican nomination away from President Bush.

Nevertheless, they could presage deeper rifts in the years to come within a party which has seemed in danger of losing the common touch cultivated so assiduously by presidents Nixon and Reagan.

A recent survey by the Times Mirror Center for the People and the Press, a polling institute, suggested that among Republican voters a class split was growing between the better-off voters, drawn by the promise of free trade, smaller government and lower taxes, and socially conservative working class voters who favour protectionism and more government spending.

"The potential for division within the ranks of the Republican party along socio-economic lines is strong," the study found. California's Republicans have already split along these lines, with Mr Pete Wilson, the centre-right Republican governor, and Mr John Seymour, the man he appointed to serve the rest of his term in the US Senate, at odds with the more right-wing state party.

Mr Skinner has generally signed up with the more pragmatic and less ideological wing of the Republican party. In the 1980 primaries, for example, he backed Mr Bush against Mr Ronald Reagan, the standard bearer of the right. As transportation secretary he has demonstrated a belief in government spending and a willingness to regulate such things as car emission controls or mergers that have not always endeared him to conservatives.

Many right-wingers who once mistrusted Mr Skinner as a dangerous liberal now give him better marks. Nevertheless, the White House was nervous enough about right-wing reaction to dispatch Mr Dan Quayle, the vice-president – after Mr Sununu's departure the most visible right-winger in the administration – to square the Skinner appointment with right-wing critics.

If Mr Skinner succeeds in his new job, he will probably remain in the wings, leaving the glory to a president who needs all the limelight he can get; if Mr Skinner himself captures the headlines, as his predecessor did, it will be because he has failed.

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Charles Leadbeater and Andrew Taylor on problems in the Channel

A case of tunnel vision

In all good horror films the most frightening scenes are last, when the hero finally confronts the terror stalking him. That is what is in store for the Channel tunnel project as it reaches its climax. In the next few weeks it will face a series of crises which could delay its opening.

Eurotunnel, the company responsible for making sure the tunnel is completed, is in difficult talks with its builders. Production of vital railway rolling stock is late. The complex task of fitting and testing the operating systems lies ahead. Every detail has to be vetted by the Safety Authority appointed by the French and British governments.

The tunnel is the flagship for private finance of infrastructure projects in Europe. So any long delay to the opening could have more than financial implications for Eurotunnel, its bankers and shareholders, which have all been counting on it to generate revenue from mid-1993. A setback would cast a shadow over privately financed projects to build roads, railways, bridges and tunnels throughout the EC.

As a leading continental banker puts it: "If this does not work we will have to depend upon the public sector to finance transport schemes. That will slow the development of the European transport infrastructure and the EC economy."

Over the past few months an unspoken consensus has emerged among bankers, builders and railway executives that the tunnel will only open for full commercial services after the official June 15 1993 opening date. The question is whether its opening will be so delayed that a serious financial crisis could erupt.

Eurotunnel needs to resolve a set of interlocking problems, which were discussed by the company's board in Paris yesterday. None are as large as its earlier troubles in 1989 when it had a dispute with its builders over tunnelling costs, and last year when it had to raise an extra £2bn from its banks. But combined the latest problems could prove more complicated and intractable.

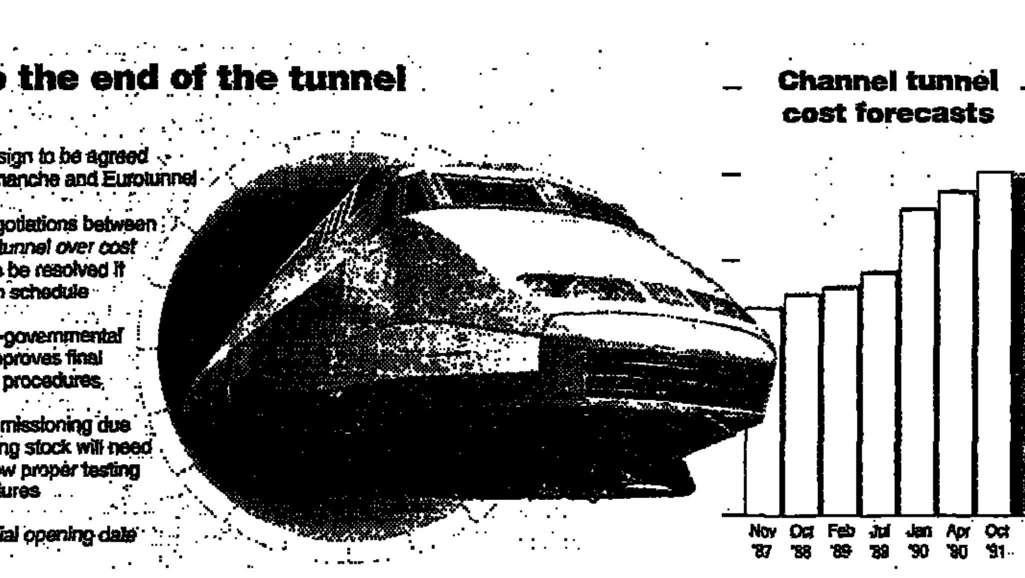
Transmanche-Link (TML), the consortium of contractors building the tunnel, is under mounting financial pressure. The bill for fitting out the tunnels and finishing the terminals is rising. Contractors claim they are due an extra £800m at 1985 prices for this work. Eurotunnel says it has set aside between £250m and £450m to meet the claims.

Eurotunnel and TML are in detailed talks to resolve the dispute over the cost of the remaining work. But the project has been riven by conflict, and could taketime to settle. A banker to the project commented: "If they do not resolve the issue within three or four months things could get very serious."

A lengthy wrangle over construction costs would set back the complicated process of commissioning the electronic equipment, such as signalling systems, which will control the tunnel's railway. The commissioning has to start late next year if the tunnel is to open on time.

Coming to the end of the tunnel

- Dec 1991: final design to be agreed and frozen by Transmanche and Eurotunnel
- Jan/Feb 1992: negotiations between contractors and Eurotunnel over cost increases will need to be resolved if work is to continue on schedule
- Spring 1992: Inter-governmental safety commission approves final design and operating procedures
- Dec 1992: full commissioning due to start; sufficient rolling stock will need to have arrived to allow proper testing of system and procedures
- Jun 15, 1993: official opening date



Even if the dispute with the builders is settled quickly there may be other delays:

- The right equipment has to arrive in the right order from more than 40 main sub-contractors.
- Trains will be needed to test the tunnels and its systems, but much of the rolling stock is behind schedule. Passenger and freight trains, ordered jointly by the British, French and Belgian railways, could be months late, while the trains intended for long-distance services starting north of London have not been ordered.
- The innovative car and passenger shuttles which Eurotunnel will operate itself will be late arriving from the Italian factories, as a result of design changes imposed by the Safety Authority.

The authority will play a crucial role. It has to approve everything before commercial services can start. The London rail disasters at Clapham and Kings Cross have put added an onus on safety. Further delays caused by additional design changes demanded by the authority would be a setback.

These problems could easily delay the tunnel's opening until late 1993. It would then miss the summer surge of passengers when it should make most of its money. The prospect of profitable commercial services only starting in 1994 would alarm the banks. Having sunk billions of pounds in the tunnel it would be lying largely unused without earning revenue to help to pay Eurotunnel's interest bill of £2m a day.

Eurotunnel estimates it will need £8.05bn to complete the project. But cost overruns, delays and lower than expected revenues might take its needs beyond the £8.9bn it has available. This could scare the banks, which may be unwilling to take further risks after the last increase in costs. Any reluctance could stymie the chances of raising additional finance.

they

The outcome could be bleak. Some builders could end up on the verge of financial collapse; Eurotunnel could run out of money with the banks unwilling to provide more; the rolling stock would be late with no incentive for the manufacturers to deliver it; the tunnel would lie idle.

Avoiding this fate will require unprecedented levels of co-operation between Eurotunnel, TML, the railways, the rolling stock manufacturers and, crucially, the Safety Authority.

At the moment the signs are promising. The talks between Eurotunnel and TML are going better than previous negotiations. The closer the project gets to earning revenues the easier it should be to raise extra finance, according to senior bankers.

Mr Malcolm Rifkind, the UK transport secretary, is putting pressure on the railway equipment manufacturers such as GEC-Alsthom and Hawker Siddeley to deliver on time. Lord Weinstock, GEC's managing director, says the prototype Trans Manche Super Train will be on schedule. The Safety Authority is aware of the urgency, say contractors.

Despite these hopeful signs, Eurotunnel is already lining up culprits to take the blame should a delay occur. Its main suspect is the public sector. Sir Alastair Morton, Eurotunnel's deputy chairman and chief executive, argues that a private sector project is running into public sector buffers, because the Safety Authority is overly bureaucractic, the railways take decisions too slowly and the British government has reneged on its commitments to the project, such as the construction of a £140m station at Ashford, Kent.

It will prove difficult to make the charges stick. If railway services start late it will probably be because the private sector railway manufacturers are late.

Senior figures at TML accept they and Eurotunnel are at fault in dealing with the authority. One said: "We and Eurotunnel have not been that clever in handling the Safety Authority. We did not fight back so we allowed their suggestions to quickly become requirements we have to accept."

Sir Alastair will find it difficult to escape unscathed. Eurotunnel has the overall responsibility for ensuring the tunnel is built on time, within costs and to the specifications laid down by the British and French governments. A delay would add weight to bankers' suggestions that one of the main lessons of the tunnels is that large projects should be handled by financially robust contractors such as Bechtel, the US construction group.

There is light at the end of most tunnels. But with a late opening increasingly likely, a dark cloud of recrimination could be waiting at the end of the Channel tunnel.

Winter of discontent

John Lloyd on the rising tension among Soviet citizens

The former states of the Soviet Union are rich, but impoverished by the decades of communist rule. Communism has now collapsed. Why, then, is there not a burst of energy and productivity, a flourishing of initiative and creativity, a growth of wealth and plenty? Why, instead, are the people huddling before a winter – suddenly bitter in central Russia – which they believe will be hungry and maybe violent?

One of the reasons can be found in the behaviour of the farmers. Take those in the northern Caucasus, in the good land round Rostov and Stavropol. Farmers there, as elsewhere, are withdrawing from the system of centrally directed exchange, but only partly to go to the market. More of their produce is being stored – bottled, canned, frozen, salted – to be kept through the coming months, or sent (not by any public forms of conveyance, since these are now so open to theft, but by trusted carriers or by themselves) to relatives in cities elsewhere.

If Moscow and St Petersburg go hungry, these provincials will take a certain perverse pleasure in that: they have suffered under Moscow snobbery, and from the irrational demands of the centre, for decades. Now it is their turn to be proud.

Another reason is the networks of organised crime against which the authorities of Moscow and St Petersburg have recently declared themselves helpless. These mafias are essentially protection rackets, in part based in individual ethnic groups. They involve themselves in all forms of economic activity and trade and seek to ensure that goods are diverted from suppliers to so-called free markets (in reality controlled by the mafias) at high prices. The criminal organisations are at least as powerful as their better known Sicilian equivalents, and, like them, they stop initiative by making the entry costs prohibitive, or frightening potential entrants. Protected by the new politicians as they were by the old ones, the mafia organisations are unstoppable and largely above the law.

There are new, genuine market channels: the commodity exchanges, which roar on every day in crowded, dirty halls where the new class of brokers and dealers buy and sell produce, goods and capital equipment. The food bought there is then sold on, at a higher price, to enterprises desperate to feed their workers or the commercial shops which charge 10 times or more the state prices or more. All these transactions take time – much more time than the state distribution system, at least when it was working. They also make millionaires of the brokers, dealers and shop owners.

In the state shops this weekend there will be crowds of people standing in queues hours long. They will push and jab at each other to get what food there is. Yesterday, in a food shop on Karl Marx Avenue in Moscow, Ms Irena Sobolevna, a young secretary, joined a queue at 11.30 in the morning and got a kilo of fatty sausages after 3pm. She seemed surprised to be asked if anyone would chide her for being away from work for so long. "They are all doing the same," she said. "Anyway, they don't care about the work we do, it's meaningless."

Mrs Seda Katayeva, coming out of the bakery next door with two dark, chewy loaves of the black bread that is still generally available, said that "bread is the only thing we can buy easily, so we eat more and more of it". The loaves she carried, heavy and delicious, cost 56 kopecks each – at the present exchange rate, about half a US cent.

Yesterday, Mr Mikhail Gorbachev, the Soviet president, appealed to the presidents of the main food producing republics of Ukraine, Belorussia, Kazakhstan and Moldova to send produce to Moscow immediately. He told them that stocks of meat, butter and vegetables were only sufficient for a few more days, while bakeries would soon run out of flour and other supplies. "Such a situation," he added, "on the eve of the entrance to the market and the liberalisation of prices, threatens mass protests against the democratic reforms, and a serious social-political explosion".

Mr Gorbachev, powerless and helpless, has been predicting chaos for lack of anything better to do: as have the mayors of Moscow and St Petersburg, the Soviet foreign minister and the chairman of the inter-republican economic committee. These men, often with honourable records, are now behaving like a Greek chorus warning of inevitable doom.

In the republics, the signs of tension rise everywhere. The oil region of Tyumen has threatened Latvia with an oil embargo because Latvian police came to the region to arrest the deputy commander of the OMON (special forces) to stand trial in Riga, accused of murder in February. The threatened embargo was supported by Mr Gennady Burbulis, the Russian first deputy prime minister. Latvia, with its huge Russian minority, now stands accused of discriminating against Russians in its draft citizenship law – which is so framed as to exclude non-Latvian speakers from good jobs, and to deprive those Russians of citizenship who were communists, or criminals, or drunkards.

Kazakhstan has appealed to all Kazakhs to come home to the motherland. The main nationalist movement in the autonomous Russian republic of Tatarstan – in which nearly half of the 5m population are Russians – has called a convention, composed only of ethnic Tatars, to set up a provisional government.

Like the people, the republics and ethnic groups are huddling together for both defence and attack. In Moscow, Mr Vladimir Zhirinovsky, leader of the Liberal Democratic Party, the only remaining all-union political party, has in the past week led violently chauvinistic demonstrations calling for the protection of Russians throughout the union, and the stamp of the Russian empire on the rebellious republics: the demonstrators branded reform communists and the democrat leaders alike as traitors.

At a midweek press conference, Nr Zhirinovsky said that only he could deliver both food and a return of national pride. Most observers believe that, if he stood again as a presidential candidate, he would do very well indeed; some think he would win.

On Thursday evening, explosions were heard over the capital: they were only fireworks, sent up to celebrate the 50th anniversary of the battle for Moscow. The march of the veterans which marked that anniversary was a moment not for pride, but for bitterness – as the old soldiers, chests rattling with medals, took the stand to ask why they bothered to defend a system which has left them hungry, cold and deserted.

As winter deepens, and as the real trial begins, the lines between the continued working of society and its breakdown are already stretched thin. No-one can say that they will not break.

LETTERS

Captives of the water industry

From Mr B W Katten.

Sir, I have read, with mounting amazement, the observations of the chairman of North West Water ("North West rises 8 per cent but rails against political intervention", November 28).

One would have thought that, in this day and age of social conscience and responsibility, the obvious arrogance with which this executive regards his customers would be somewhat outdated.

Clearly, the shareholders of North West Water are entitled to a reasonable return but this does not convey the liberty to raise prices on a *droit de seigneur* basis.

Unfortunately, the icy blast of competition has not reached the water industry, which is in a position to take full advantage of totally captive customers who have no choice other than to obtain their water supplies from their local water board, and to pay whatever charges the board sees fit to impose.

It is regrettable that these recently privatised industries operate in a totally non-competitive environment and it is therefore even more important for the regulatory body to maintain the closest possible watch on this industry and firmly to restrict excessive price increases.

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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Lord Shawcross recalls explicit public warning on Maxwell arising from Pergamon/Leasco saga

From Lord Shawcross.

Sir, Mr Rodney Leach (Letters, December 5) was absolutely correct: The City, the government and the general public had been explicitly warned of Mr Robert Maxwell's unfitness (to say the least) to be a director of a public company as long ago as 1969.

The first pronouncement on the matter came after a detailed enquiry by the City Panel (of which I was then chairman) into a takeover bid by the American company, Leasco, for Pergamon, a company of which Mr Maxwell was both chairman and managing director. The Financial Times reported our statement verbatim in five full columns!

We said we were satisfied that there was no foundation whatever for serious allegations Mr Maxwell had made against Leasco and its professional advisers and regretted they had been made. While we did not suggest personal misconduct on Mr Maxwell's part we called specific attention to the complication of Mr Maxwell's family interests and said there were substantial grounds for questioning whether the board of Pergamon had properly discharged its obligation to keep its shareholders sufficiently informed as to their company's affairs. We expressed a similar view about the affairs of another of the Maxwell's companies, ILSC, and we recommended that the Board of Trade (as the DTI was then called) should conduct an enquiry into these matters.

It was part of the arrangement concluded at this meeting of the Panel that a representative of Leasco should become managing director of Pergamon and that Robert Maxwell should resign that position but remain chairman in a more or less honorary capacity pending completion of the Leasco takeover. Leasco's representative suggested that this arrangement, which was made in the presence of 13 people, including Mr Maxwell and his then solicitor, should be put into writing. I replied "a trifle acidly" that most agreements in the City of London were made orally and that it was unthinkable that Maxwell would fail to carry out the agreement. But he did. Indeed he denied ever having made the agreement. Of the 13 who heard it, 11 recalled that he had specifically agreed. Only Mr Maxwell and his solicitor denied it.

Maxwell reneged also on his agreement to the takeover. For a second time I flew back from my sailing holiday and, in Maxwell's words, read him the riot act. He took no notice but appealed to the Panel's Appeal Committee and argued for 19 hours that the Panel's conclusions were contrary to natural justice. The Appeal Committee, presided over by Lord Pearce, a retired Lord of Appeal, rejected his arguments.

The Board of Trade enquiry published a very detailed report, in the course of which they said explicitly that Maxwell was reckless in reporting to shareholders, disregarded unpalatable facts, stating what he must have known to be untrue and was unfit to be a director of a public company. Maxwell's only answer was to blackguard the inspectors. They were distinguished men, one of whom became a High Court judge, the other a knight and head of the accountancy profession.

All this was very widely publicised and much discussed. Since then, however, a number of people, some of moderate distinction and in spite of the 1969 warning that he had "a fixation as to his own abilities which caused him to ignore the views of others", have associated themselves with Mr Maxwell or paid most astonishing eulogies to him since his death. The real question is, where is all the money now? Money does not vanish into thin air.

Shawcross,
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Daily trudge or a mail box?

From Mr Anthony Kinch.

Sir, With reference to the Post Office proposals to introduce US-style mail boxes in rural areas and abolish second deliveries to domestic addresses ("Plan to parcel up home deliveries, December 3), what political delicacy requires the reference to "US style" mail boxes? A mail box at the entrance to property, and in the public areas of blocks of flats is the accepted norm in continental Europe.

Their introduction would no doubt be greeted with howls of anguish as yet another lunacy of Brussels bureaucrats. In reality it would save our diligent postmen miles of useless walking. I cannot think why the Post Office Union has not insisted on it long ago. I can of course; but perpetuating the useless daily trudge is not in the real interest of postmen, public or Post Office.

Anthony Kinch,
counsellor for EC Affairs,
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Conspiracy on a Sunday

From David Buckle, JP.

Sir, I believe Joe Rogaly ("Semi-detached rule of law", December 3) was quite right to warn of the attitude developing towards respect for the law. If neither the government nor local authorities, for their different questionable reasons, are prepared to deal with the issue of major companies flouting the law in regard to Sunday opening, is it not possible that the Director of Public Prosecutions could bring them before the courts for "Conspiracy to break the Law"?

The companies involved must have had board meetings to discuss their intentions. There will be evidence in the board minutes of their decisions and that would be the proof of their conspiracy.

I see no reason why the directors should not be charged in the same way others are in similar circumstances of open defiance to our laws.

David Buckle,
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Why Tottenham Three case established need for ban on uncorroborated confessions

From Mr David Palmer.

Sir, Tottenham Three Families Campaign and Liberty (National Council For Civil Liberties) are calling for urgent changes in the law, chief among which would ensure that convictions can no longer be made solely on the basis of uncorroborated confessional evidence.

Surely the cases of the Tottenham Three has established "beyond reasonable doubt" the need for the introduction of basic reforms to the criminal justice system.

Robert Rice, in his article "A rapid loss of confidence" (November 30), on the implications on the overturning of the convictions of the Tottenham Three, argues: "The issue is not so clear-cut as the families of the Tottenham Three claim: a survey by the Crown Prosecution Service in September showed that defence counsel challenge confession evidence in only a minority of cases, suggesting that it is usually acceptable to defence lawyers. The CPS is against making all unsupported confession evidence inadmissible and is backed in this view by the solicitors' profession and the police."

Just how big is this "small minority of cases" where confession evidence is challenged? Surely it is in precisely these cases that safeguards are required to ward against wrongful convictions. Moreover, if the number of cases is so few why does the CPS resist the change?

Perhaps Rice forgets that when Lord Lane refused the Tottenham Three "leave to appeal" three years ago he ruled that the Crown Prosecution did not even need to make a submission with regard to Winston Silcott – so convinced was he of Silcott's guilt. Yet there is huge evidence to show that false confessions can result from the manner in which the police interrogation process is conducted.

The Royal Commission on Criminal Justice is not due to report until 1993. Any recommendations it makes are expected to take at least 18 months to translate into legislation and a further six months to implement.

If the criminal justice is "capable of perpetrating a grave miscarriage of justice but also of perpetrating it for an inexcusable length of time" it is also now inexcusable for the Commission's deliberations to be used as a bulwark against change.

David Palmer,
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The Maxwell web of companies presented an awesome spectre to City regulators

How MCC escaped investigation

"WE ALL said: 'What was the point of investigating Maxwell?' It's the brick wall we all ran into," recounts a City investigator who studied the Maxwell empire at various times.

His comment sums up why, in spite of unusual activity in the market in Maxwell Communication Corporation shares, no official inquiry was ever mounted.

Many factors contributed to the brick wall: the legal miasma surrounding share price manipulation in the UK, the famed impenetrability of the Maxwell web of companies, and Mr Robert Maxwell's own renowed aggression in the face of any challenge, dissuaded the authorities from acting.

The Stock Exchange, which is charged with investigating insider dealing and share price manipulation in the UK equity market, looked into activity in MCC shares on several occasions, but is thought never to have launched an in-depth investigation.

However, the Department of Trade and Industry was still considering aspects of the market in MCC shares at the time of Mr Maxwell's death in November.

It is known to have studied the "put" option Mr Maxwell sold in August 1990 to Goldman Sachs, which gave the US investment bank an incentive to buy MCC shares, and so arguably put a floor under the MCC share price at the time.

The DTI followed up these inquiries later, although with no final conclusion. Mr Peter Lilley, the trade secretary, wrote to a private investor as recently as October 17 this year that the matter remained "under consideration by my officials."

Conflicting legal interpretations appear to have dissuaded the Stock Exchange, as well as the DTI, from pursuing the case any further.

According to one of those charged with examining the Goldman options: "You could get a view [on its legality] either way – that was the problem."

The Stock Exchange is also thought to have looked in some depth into purchases of MCC shares by institutional investors and market makers, particularly around the time of the MGN flotation in the Spring.

However, such inquiries – such as that into trading in the shares of Polly Peck International, Mr Asil Nadir's fresh fruit and electronics group – frequently founder over the investigators' lack of powers, and the ability of beneficial owners of shares to hide their interests behind off-shore nominee companies.

Legal uncertainties also explain the failure of the authorities to investigate whether the 12 per cent of MCC held by pension funds counted within Mr Maxwell's holding in the company. Some of these shares were lent to private Maxwell companies, and were then partly pledged as collateral against loans to the private companies.

According to securities lawyers in London, the Companies Act is unclear on whether Mr Maxwell can be deemed to have had an interest in these shares, and so should have disclosed the holding to the Stock Exchange.

Also, the wording of the contract under which the shares were lent to him could have left voting rights with the owners, meaning that disclosure would not be necessary.

If it had been established that Mr Maxwell had an interest, it could have had a significant impact on MCC's shares. Under Stock Exchange listings rules, the exchange has the power to delist a company if the proportion of its shares held by outside investors falls below 25 per cent.

In practice it would not act unless a highly illiquid market had developed – but in the eyes of institutions that was the case, as most institutional holdings of MCC shares were in index and dividend funds which trade infrequently.

Failure to notify a significant holding would also almost certainly have run counter to section 47 of the Financial Services Act 1986, which is designed to catch market manipulation and which carries a maximum penalty of seven years' imprisonment.

However, the lack of clarity in UK company law over what constituted an interest in the shares dissuaded investigators from pursuing the case.

With hindsight, it appears that suspected share price manipulation could only have been investigated properly through a full-scale inquiry into the company.

Stock Exchange investigations focus only on share bargains which appear to go against the normal pattern of trading in a company's shares. They amount to groping in the dark, looking for the clues to explain the trades.

Only an overall view of the Maxwell companies would have revealed a motivation, and so help explain individual transactions.

That investigation of the Maxwell empire was never mounted.

Richard Waters
Bronwen Maddox

Kevin Maxwell grilled by baying NY media hounds

MR KEVIN Maxwell defiantly insisted yesterday that the court-appointed administrators of the Maxwell empire did not have control of the New York Daily News, which will seek to bring in fresh equity to meet its financial obligations.

Speaking at a chaotic press conference at the loss-making tabloid's New York headquarters, Mr Maxwell said that the newspaper was not for sale and did have sufficient cash in hand to continue operating in the "foreseeable future". The newspaper filed for Chapter 11 bankruptcy on Thursday.

He refused to say for how long the paper could survive without a cash injection.

Mr Maxwell was flanked by leaders of the newspaper's trade union, which is to be brought into a partnership that will include the naming of union representatives to the Daily News board. He would not spell out the nature of the partnership and declined to provide specifics on any aspect of the newspaper's future.

Although the Daily News is ultimately owned by Robert Maxwell Group, which is now under the administration of Arthur Andersen, Mr Maxwell was virulent in his insistence that there was "no conflict of interest with the administrators". When pressed on how he could plan the future of the Daily News without the approval of the administrators, Mr Maxwell lost his composure and said: "There is no conflict of interest. That's bullshit."

Mr Maxwell disclosed that there had been a transfer of between \$20m (£11.2m) and \$25m (£14.1m) earlier this year from the Robert Maxwell Group in London to the Daily News in New York. But he refused to say whether those funds had come out of any Maxwell group pension funds. Mr Maxwell also refused to say whether there had been any transfers out of the pension fund of the Daily News.

Mr Maxwell appeared ashen-faced when asked by an American reporter: "Was your father the crook of the century?" The question was ruled "out of order". He refused to comment on a report in yesterday's Financial Times that he had been responsible, along with the late Mr Robert Maxwell, for making loans from the MGN pension fund to private companies. Mr Maxwell said he was declining to comment on the advice of his lawyers. He further said he would be willing to meet officials from the Serious Fraud Office in London upon his return to the UK, scheduled for last night.

Mr Maxwell acknowledged that when the dust settled on the Maxwell empire the Maxwell family would be left with "probably nothing".

The only comment Mr Maxwell offered on his father's use of pension funds was to say: "My father operated on a need-to-know basis, but I am not ducking my fiduciary responsibilities as a director."

When asked if he felt overwhelmed by recent events, Mr Maxwell replied: "No. I am immensely saddened. Some of the events are shocking events that I wouldn't believe if I had read of them in a novel."

Alan Friedman

Serious fraud squad officers pictured yesterday leaving the Maxwell headquarters in London

Mirror editor tells Pearson 'hands off'

MR RICHARD STOTT's comment on the Pearson interest in acquiring Mirror Group Newspapers was as pithy as an editorial in the Daily Mirror.

"Pearson says its has a hands off editorial policy. Well hands off us then," said the Daily Mirror editor who is leading a management buy-out for the newspaper group.

"They (Pearson) understand nothing about running popular newspapers. To suggest that the Daily Mirror should be taken back to the 60s is just the chattering classes talking about a paper they don't read," added the ebullient editor.

On Thursday night Mr Frank Barlow, chief executive of Pearson, owner of the Financial Times and a former Mirror executive in the 1960s, said: "In the days of Hugh Cudlipp and Frank Rogers the Daily and Sunday Mirror were great British institutions. It would be nice to return the papers to their former glory."

Mr Stott, who was a successful editor of the Daily Mirror from 1985 to 1990 before editing The People, yesterday formally signalled his intention to bid for the 51 per cent stake in MGN now in the hands of the joint administrators from Arthur Andersen.

The Daily Mirror editor, who is backed by Electra, the venture capital fund, is due to have a meeting with the administrators on Monday. The size of any possible management bid has not yet been decided and will depend on clarifying the financial affairs of both the newspaper group and its pension fund.

"I have no desire to be a proprietor. I've had enough of proprietors," said Mr Stott who added that the "first class staff" of MGN deserved the chance to run their own paper.

The move by Mr Stott is one of a number of possible buy-out proposals being planned at the Daily Mirror. Another is believed to be forming around Mr Roger Eastoe, the advertising and management director, and Mr Ernest Burrington, chairman of MGN, has also had informal approaches from a leading merchant bank. Mr Burrington is understood to be sceptical of the chances of a management buy-out succeeding because of the level of debt that would needed.

Meanwhile, Mr Barlow was given the support of the Pearson board yesterday to go ahead with the planning of a possible bid. The board was believed to be "enthusiastic" about the possibility of taking a majority stake in MGN.

Rumours persist that Mr Tiny Roland's Lonrho Group could be interested in the titles which include the Scottish Daily Record, Sunday Mail and Sporting Life apart from the three national titles.

Bertelsmann, the German media group, said yesterday they were not interested in bidding for MGN.

A separate administrator was yesterday appointed to The European newspaper but it is clear that the pan-European newspaper will fold unless a buyer can be found within the next few days.

Raymond Snoddy

MCC faces a tough fight to avoid liquidation

WHETHER Maxwell Communication Corporation can avoid administration or liquidation depends on the offers from rival media groups now stacking up on the desks of Arthur Andersen, the administrators for the private Maxwell companies.

For the past decade MCC has been the vehicle for Mr Maxwell's biggest deals, but it now has a tough fight to avoid liquidation.

The private Maxwell companies which controlled 68 per cent of its shares are now in administration, and the shares remain suspended on the stock market at 35p.

Bankers said yesterday that if MCC too were put into administration and all its businesses sold, the proceeds might nearly cover the loans to banks – but there would almost certainly be nothing for shareholders.

It was not in anyone's interest that that should happen, they said, when all MCC's businesses would be sold in a "firesale" atmosphere. But to avoid administration, MCC must receive high offers, soon, for some of its best companies.

Despite \$600m of disposals over the past nine months, MCC still has debt to banks of about £1.2bn. The auditors' investigation in the past week has revealed that it also has long-term loans of £100m to private companies, and lent another £140m to them recently.

Some £50m may also have been drained out of its pension funds by the private companies, making total liabilities of about £1.5bn.

The problem in judging whether the assets could be worth a figure approaching that is that so much has been chipped off the original block.

Of the three pillars at the start of 1991 – Pergamon scientific journals, Macmillan, the US book and electronics publisher, and Official Airlines Guide – only OAG and just over half of Macmillan remain.

In the six months before Mr Robert Maxwell's death, MCC sold Pergamon Journals for £395m and then raised about \$640m from selling Macmillan businesses which had made up around 45 per cent, or roughly \$400m of Macmillan's \$900m turnover in the year to March 1991.

It appears that the remaining Macmillan business could have turnover of some \$500m – but that could be an underestimate as the businesses that were sold included some of the fastest-growing.

The jewels of those remaining are the US general book publishing, the Macmillan/McGraw Hill joint venture in school publishing and Macmillan College publishing.

Less attractive to purchasers are two businesses which Maxwell failed to sell, despite repeated attempts: Collier's US encyclopedia publishing, and Panini, the Italian sticker company.

Despite bankers' comments that sales of the best companies might bring in enough to keep MCC going, US and UK analysts are sceptical. They point out that the first businesses to be sold, which included some of the best, appeared to fetch a price of about 1.5 times turnover.

On that basis, sales of the remaining Macmillan businesses might not raise more than \$800m.

OAG, acquired in 1988 for \$750m at the height of the publishing takeover boom, would almost certainly fetch less now. However Reed International, the UK publisher, is believed to be interested.

Analysts said yesterday that it was difficult to attribute a value much higher than £1bn to MCC's businesses, unless rival publishers took a strong fancy to some companies and sparked an auction.

Bronwen Maddox

Andersen men home in on Israeli assets and interests

ACCOUNTANTS from Arthur Andersen have arrived in Israel to assess the late Mr Robert Maxwell's \$120m (£68m) local holdings.

It is thought that it they should prove a relatively easy sale for the administrators of the British publisher's private companies.

The principal asset is a majority stake in Modi'in Publishing, which owns Ma'ariv, Israel's second biggest selling daily newspaper.

Although the paper is not making money at present, Mr Maxwell had invested \$40m in Ma'ariv since he first bought a holding in the newspaper in 1988.

This has included purchasing new plant intended to bring the paper's production standards up to those of The European.

Business sources in Tel Aviv said yesterday that interest had already been expressed in acquiring the paper by so far unnamed diaspora Jewish investors with existing non-publishing investments in Israel.

Modi'in also publishes a Russian language newspaper – founded by Mr Maxwell – for the rapidly growing Soviet immigrant community.

The other remaining Maxwell holdings are a 51 per cent share of Maxwell-Macmilian-Keter, a local publisher, and a 17 per cent share in Teva Pharmaceuticals, a domestic market leader with a growing export business.

Earlier this year, Mr Maxwell sold a 20 per cent holding in Scitex, the Israeli computer graphic imaging company, making a \$200m profit on his investment to help meet debts elsewhere in his empire.

Before he died, Mr Maxwell had announced that he had also intended disposing of the Teva holding, which is also worth much more now than when he acquired it three years ago.

Mr Maxwell, a Jew from Czechoslovakia who was buried on the Mount of Olives in Jerusalem, only became involved in Israeli business in the late 1980s, but quickly became one of the country's biggest and most public foreign investors.

Commenting on Mr Maxwell's investments in the country, one businessman said he was confident that "no horrors" lay in store in Israel for the Maxwell administrators.

Hugh Carnegy

Accountants gear up operations around the world

ARTHUR ANDERSEN, the accountants, yesterday geared up operations around the world in the administration of Headington Investments and the Robert Maxwell Group.

The four joint administrators, lead by Mr John Talbot, are controlling operations from London, but have sent teams to work with its local offices in at least six other centres.

There is now a total of at least 20 partners, 30 managers and 50 qualified or nearly-qualified accountants working on the administrations.

A group of consultants travelled to Israel, where the companies own a majority stake in Modi'in, a newspaper. They are working with the Andersen local office in Tel Aviv.

European operations, including work on the Berliner Zeitung and several Eastern European newspapers, are being controlled through Andersen's Frankfurt office. There is separate work being conducted in Berlin and in Hungary.

Another member of the firm is working with the office and observing developments at the Daily News in New York, which sought protection from its creditors under Chapter 11 on Thursday. Other Andersen staff are at work in Massachusetts.

Other operations being conducted into the Maxwell companies by accountancy firms include:

- Price Waterhouse, appointed on Thursday night as investigating accountants to Maxwell Communications Corporation by MCC's directors and their bankers. It has to produce a preliminary report by 18 December
- Ernst & Young, which has been working for several days as investigating accountants to Mirror Group Newspapers, KPMG Peat Marwick, which is assisting the Serious Fraud Office in its investigations, Coopers & Lybrand Deloitte, which was appointed to investigate pension movements, and Grant Thornton, where two partners were appointed administrative receivers to Robert Maxwell Estates.

Andrew Jack

MGPT losses "not sophisticated fraud"

MR ROBERT MAXWELL may have been setting up the mechanisms to spirit funds from the Mirror Group Pension Trust from the time the Mirror Group was floated in May.

The audit of MGPT was moved from March to November at the time of the flotation in what looks like an effort to obscure the movement of funds to his private companies. The last audit by accountants Coopers & Lybrand Deloitte was done in April 1990 and showed no signs of the £350m misappropriation of funds that has subsequently emerged.

The picture of Mr Maxwell increasingly desperate for cash in the last few months before his death on November 5 is reinforced by the apparent lack of care he took to cover traces of his looting in the last few months.

"It was not a sophisticated fraud in the sense of a BCCI," said one observer close to investigations of the pension funds. "It is unlikely MGPT would have got through the next audit."

From soon after the Mirror flotation, MGPT also began systematically moving funds from respectable investment managers like Lazard Freres, Capel-Cure Myers and Lloyds Investment Managers towards the Maxwell-family controlled Bishopsgate Investment Management, from where funds appear to have disappeared.

The decision to move management away from these well-established organisations to BIM were taken by the Mirror Group Pension Scheme's Investment Committee, including Mr Lawrence Guest, finance director of the Mirror, Mr Robert Maxwell and Mr Trevor Cook, a BIM director and the Maxwell group's pension fund manager, according to the Mirror Pensioners Association.

IMRO, the investment industry watchdog, is understood to have inspected Bishopsgate Investment Management in November last year and found it complied with its rules.

Mistrust of Mr Maxwell yesterday spilled over into the new team at MGN. Angry pensioners of the Mirror Group Pensioners reactivated their threat to put MGPT into receivership on Monday unless they were given assurances that a new independent chairman would head the pension scheme. The threat came despite the MGN's move to set up a new pension trustee company to replace MGPT which was a subsidiary of Maxwell private companies.

"We are deeply offended, alarmed and dismayed that MGN has set up a new Trustee without consulting with us," said Mr Don Wood, a former Mirror board member and vice chairman of the pensioners' association. The group would rather have an independent receiver looking after the Mirror Group Pension Trust rather than another inadequate Trustee company.

The pensioners said they hoped to hold meetings with MGN to reach a suitable board make-up. MGN proposes half management and half employee representatives but the pensioners' association would like to see an independent chairman.

Richard Gourlay

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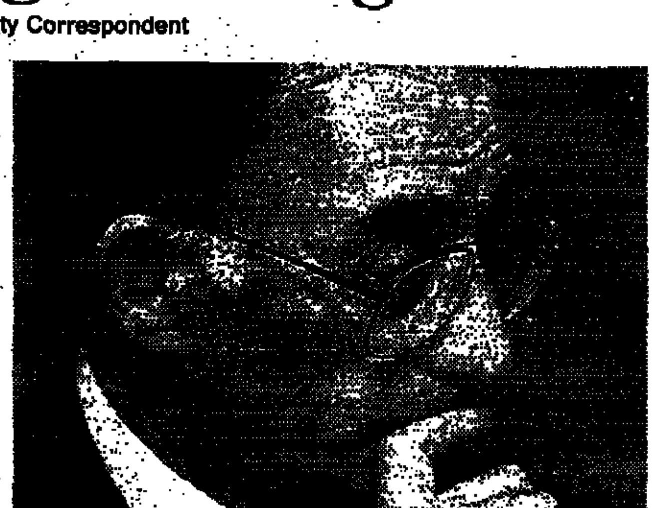
UK COMPANY NEWS

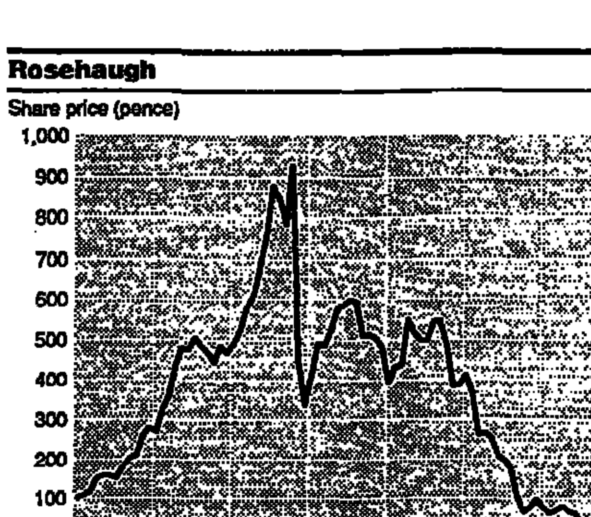
Accounts have been qualified following breach of banking covenants

Rosehaugh losses grow to £226.6m after provisions

By Vanessa Houlder, Property Correspondent



Godfrey Bradman: widely criticised architect of growth



Source: Datastream

ROSEHAUGH, once the highest flying property developer on the stockmarket, yesterday announced pre-tax losses of £226.64m for the year to June 30, against losses of £165.5m last time. Its shareholders' funds shrank from £470.9m to £164m.

The company, which has net debts of £310m, has breached its banking covenants and its auditors have qualified its accounts. Its 28 banks, which are led by National Westminster and Barclays, have signed a stand-still agreement until the end of January.

Rosehaugh said it was confident that its banks would agree a refinancing. "In effect, what we have is a work-out. We can do it better than they can," said Mr Paul Rivlin, a director.

The company could announce no conclusion to its long-running merger talks with Stanhope, its partner in Rosehaugh Stanhope Developments which owns the Broadgate office complex. One of those involved in the merger talks said: "At the moment they have foundered."

Mr Godfrey Bradman, who was the architect of Rosehaugh's meteoric growth, will move from chairman to vice-chairman after the annual general meeting and is unlikely to have a long-term role with the company. Mr Bradman has been widely criticised in the City for Rosehaugh's over-ambitious and ill-controlled expansion.

In his statement, he blamed market conditions for his company's problems.

"The prolonged downturn in the market has reduced market values of every type of property and continues to affect all companies in the sector."

The new chairman is Mr Leonard Kingshott and the new chief executive is Mr Nigel Turnbull. Their strategy is to sell buildings, restructure the management and reduce administration costs. Its overheads, which peaked at £25m are expected to fall to £8m over the next nine months by shedding staff and moving to cheaper offices.

The Rosehaugh directors are continuing to seek a merger with Stanhope, which would provide economies of scale and bring RSD, which is both companies' main asset, under single ownership.

There has been slow progress on the discussions, which have centred on the treatment of Rosehaugh's unsecured lenders and how the equity in the new company would be divided between the two company's shareholders. Rosehaugh has identified £134m worth of commercial, residential and retail property, a quarter of which is unlet, which it will attempt to sell over the next two years.

The company may also dispose of its share of Pelham, the land bank developer, as the market improves.

"There are no sacred cows," said Mr Turnbull.

Over the year it sold £148m-worth of property; since then it has sold a further £93m-worth.

Rosehaugh has no plans to carry out speculative developments and it has written down its development sites at Birmingham, Chester and King's Cross in the UK and Phoenix in the US.

This year's losses are again largely due to provisions against trading properties. The exceptional charge of £187.6m (£136.9m) stemmed from provisions against a wide variety of commercial and residential interests.

Shareholders' funds were also hit by a £85m reduction in investment values (mainly against RSD) and a loss before exceptional items of £39m. Income fell from £27.6m to £8.13m, compared with interest costs of £29.5m (£34.1m) and administration costs of £17.7m (£22m).

The breakdown of the provisions was: £31m against RSD; £33m against other associates; £57m against commercial trading properties; £41m against residential properties; and £25m against retail properties.

The net asset value per share fell from 373p to 130p and the loss per share increased from 163.7p to 175.65p.

See Lex

British Telecom price expected to be set 350p on Monday

By Hugo Dixon

A PRICE OF about 350p a share is expected to be set by the government on Monday morning for its £6bn British Telecommunications sale. Because of discounts, the 2.7m small investors who have applied for shares will only pay about 305p if they hold the stock until the last of three instalments is due in March 1993.

Small investors will receive, on average, about 400 shares, compared with an average application of 600 shares. The exact allocation will be announced on Sunday. Of the applications, between 350,000 and 400,000 have come from existing shareholders.

The institutional offer closed yesterday evening with most large investors around the world bidding at 350p and above. Existing BT shares closed at 342p yesterday. The market was rife with speculation over how the new partly-paid shares and the existing fully-paid shares would trade on Monday. In the "grey market" made by IG Index, the bookmakers, the partly-paid shares were quoted at 133p.

With institutions paying 125p as the first instalment and small investors 110p the implied profit is 8p and 23p respectively.

However, most small shareholders will not be able to sell their shares on Monday as they will not receive share certificates until December 18.

● New regulations to prevent BT "unfairly" cross-subsidising its £1.35bn equipment supply business were yesterday announced by Oftel, the industry regulator. BT accepted the regulations but denied that it was unfairly cross-subsidising the business.

The new regulations in effect force BT to put up the prices of the equipment, such as telephone sets and switchboards, in order to increase the profitability of the business.

The overall effect on BT's business is unlikely to be material, according to the company. However, Oftel may force BT to cut its call charges to compensate for its higher equipment charges when the company's prices are reviewed next year.

Williams surprises the market with increased offer

Racal swings back to profit with £12m

By Roland Rudd

WILLIAMS Holdings, the industrial conglomerate, yesterday increased its hostile bid for Racal Electronics by adding a cash element which last night valued its new offer at £738.8m.

The conglomerate yesterday surprised the market by launching its final offer on the same day that Racal published its interim results and profit forecast.

Williams' had six days to respond but after a lengthy meeting at its headquarters in Derby decided to announce its increased offer yesterday in order to curtail the duration of the bid.

Racal's shareholders will have 14 days to decide whether to accept the bid after Williams posts its offer document this weekend. It yesterday increased its terms by offering 10p per Racal share on top of its original three-for-20 share offer. By the close of the market on Thursday evening the new Williams offer valued each Racal share at 54.2p.

However, Williams' shares yesterday fell by another 8p to close at 287p. Its new offer as of last night valued each Racal share at 53p. Although that is 2p more than Racal's closing price of 51p, it is still 1p less than the original share offer.

Sir Ernest Harrison, Racal's chairman, said last night: "Williams' offer is worth less than the initial offer made three months ago. It was wholly inadequate then, and following the clear evidence of success already achieved and in prospect for the future undervalues the company by an ever greater magnitude."

Williams's increased offer came as Racal yesterday published a forecast of pre-tax profits for the year to March 1992 of not less than £50m, representing a turnround of £72m. It is paying an interim dividend of 0.3p and expects a total of 1p. It also published its results for the six months to 11 October showing pre-tax profit of £11.6m compared to a loss of £24.7m in the comparable period. Operating profit before exceptional items soared to £41.7m from £4m.

Mr Nigel Rudd, chairman of Williams, said the offer was still "exceptionally generous" for a company which had made a £10m loss in its last financial year and whose present board had lost £1bn of shareholder value.

W'hampton & Dudley improves 4% to £33m

By Philip Rawstorne

A FURTHER decline in the UK beer market next year was forecast yesterday by Mr David Thompson, managing director of Wolverhampton & Dudley Breweries.

The Midlands-based brewer increased pre-tax profits by 3.9 per cent to £33m (£31.8m) during the past year's recession-hit trading in which overall beer volumes fell 5 per cent.

"But the immediate outlook is not good," said Mr Thompson. "Summer trade had been sluggish and autumn beer volumes had failed to match last year's levels, he said. He expected a 3 per cent fall in market volume during 1992.

The UK was still over-pubbed, he claimed, and at least one in 10 pubs would be closed.

The group's taxable profits for the year ended September 29 were reduced by a £1.62m exceptional charge for the cost of closing the Dudley brewery early next year.

Trading profit was almost 10 per cent higher at £38.2m (£34.7m) on turnover up 9.5 per cent from £171.4m to £187.6m.

Group beer volumes registered a 2.8 per cent fall, little more than half the market decline.

Earnings per share were unchanged at 36p. Excluding property profits and the cost of the brewery closure, they were 7.3 per cent higher at 38p.

A final dividend of 6.2p (5.6p) lifts the total pay-out 10.8 per cent to 10.3p (9.3p).

Berisford in talks to sell cocoa operations for £30m

By Peggy Hollinger

BERISFORD International, the commodities and property group which was virtually bankrupt a year ago, is in talks on the sale of its cocoa trading operations for at least £30m.

The group has shed more than 40 businesses in the last 18 months, and cut its debt from £1.2bn to less than £10m.

Mr Peter Butler, finance director, denied that the group was considering a fire sale of its property company, based in London, for next spring.

However, if the cocoa deal falls through, Berisford will have to seek alternative disposals before it can begin to make acquisitions.

Berisford yesterday announced the sale of JH Rayner, its sugar trading group, to Czarnikow Sugar, a new company formed by Czarnikow Holdings, one of the world's leading sugar brokers.

Berisford – which sold British Sugar, the jewel in its once heavily-indebted crown, for £880m a year ago – will take a 15 per cent stake in the new company, while Czarnikow Holdings will retain 65 per cent.

Mr Butler said yesterday that the deal was worth "only a few million pounds ... In effect, we are injecting business into a company in return for a 15 per cent stake," he said. The new company was expected to be profitable from the start, he added.

Mr Butler will be a non-executive director of Czarnikow.

ICI continues restructuring via £120m sale

By Paul Abrahams

IMPERIAL Chemical Industries, the British chemical combine, continued its restructuring yesterday when it sold its lime business to Minorco, the overseas investment arm of the Anglo American-De Beers group of South Africa.

The deal, worth about £120m, is ICI's biggest disposal this year and is part of its defence against a possible bid by Hanson, which holds a 2.8 per cent stake in it.

ICI said the lime operations generated a turnover last year of £55m and made an operating profit of £12m. The consideration includes £5m for stocks.

The lime business was almost entirely UK-based and no longer fitted within its stated policy of developing subsidiaries with global potential, said ICI.

The acquisition is part of Minorco's declared strategy of building a pan-European aggregates and industrial minerals business, according to Mr Mike Gordon, vice-president of corporate finance.

"This is a low-cost quality business with large proven reserves and excellent personnel," said Mr Gordon. "We expect to develop opportunities in the stone and environmental pollution control business."

ICI's lime operations include quarries and processing facilities at Tunstead, Old Moor and Hindlow, all near Buxton, Derbyshire. The sites cover more than 3,000 acres with proven reserves of 400m tonnes.

BAe creates new chief to strengthen management

By Paul Betts, Aerospace Correspondent

British Aerospace is expected to announce a strengthening of its top management structure next week with the appointment of Mr George Simpson, chairman of its Rover car group subsidiary, to a new position of chief operating officer.

A board meeting next Tuesday should also approve a reorganisation of the company's core defence businesses with the integration of its military aircraft, guided missiles and Royal Ordnance armaments subsidiary into one group. It is thought Mr John Weston, senior executive of the military aircraft division, will head the group.

The changes, coupled with BAe's confirmation yesterday it was discussing merging its space activities with those of the Anglo-French Matra Marconi Space joint venture, were welcomed by the market with the shares firming 3p to close at 326p in a declining market.

Analysts said the moves were positive signs that the company was addressing the strategic problems facing it, as outlined in its recent rights issue document.

After Sir Graham Day replaced Sir Roland Smith as chairman on an interim basis last September, Mr Simpson replaced Sir Graham as chairman of Rover. But Mr Simpson was widely expected to be brought in to reinforce the management of the main company once a successor was found to head Rover.

Mr Simpson will work closely with Mr Dick Evans, BAe chief executive. He will be in charge of the day-to-day business enabling Sir Graham and Mr Evans to concentrate on longer-term strategy.

Mr John Towers, the car group's head of product supply, is expected to take over as Rover chairman. However, Mr Kevin Morley, managing director of Rover Cars, and Mr Christopher Woodwark, managing director of Land Rover, are also regarded as candidates.

GMEN declines 53% to £7m

The Guardian and Manchester Evening News, the national and regional newspaper publisher, yesterday unveiled a 53 per cent dive in pre-tax profits from £14.9m to £7m for the six months to September 28, writes Peggy Hollinger.

The results were announced in a sparse interim statement which said merely that the figures "reflected the severity of the recession. Trading conditions are not expected to improve to any significant degree in the remainder of the current financial year."

The company's chairman, finance director and company secretary were locked in meetings all day yesterday and were unavailable for comment.

The pre-tax result was struck after exceptional costs of £1.04m for redundancies.

Turnover fell less sharply than profits, from £99.1m to £92.5m.

Losses rise at Reed Exec as recession hits

By Peggy Hollinger

LOSSES mounted at Reed Executive, the family-controlled employment agency which yesterday revealed a £3.2m loss for the 26 weeks to September 27 and passed the interim dividend.

Mr Alec Reed, chairman, said the severe recession had taken a heavy toll on profits since the second half of last year. "Everything has slowed down and good candidates are quite scarce resources," he said. The group reported a loss of £800,000 for the year 1990-91, in spite of earning a £2.5m profit in the first half when it paid an interim of 0.6p.

Mr Reed said there were a few tentative signs of a pick up – even in central London which had been hardest hit by the recession. The group, which planned to change its year-end to December 31, would incur a loss for the full nine months.

Demand for temporary staff had fallen during the first half, although not as sharply as for permanent employees. Turnover fell 35 per cent to £44m.

Several million pounds of costs had been taken out of the business through a squeeze on advertising and marketing expenditure, and job cuts.

Correction

GUS chairman

Lord Wolfson is chairman of Great Universal Stores. We apologise for reporting yesterday that Mr Richard Pugh was the chairman. He is deputy chairman.

NEWS DIGEST

Marina swings into £2.3m loss

MARINA Developments swung from a £2.18m profit to a pre-tax £2.3m loss in the half year ended September 30 1991, following losses on the residential property side, higher interest charges, and exceptional provisions.

It also followed a deficit of £7.49m in the second half of last year, including exceptionals of £5.84m relating to the land bank.

Mr Robert Iliffe, chairman, said the marina operating profit of £3.22m (£3.26m) was a "sound achievement". The property side, however, had been unable to buck the general trend and selling houses had been a "slow and frustrating business".

Underlying group overheads were held at the same level as last year. Interest charges of £2.25m (£580,000) included all costs relating to funding of the marina operations and overheads, plus £1m in respect of the carrying costs of the residential land bank.

Exceptional charges this time were £922,000 and related to the early termination of the service agreements held by Mr David Heinmann, former chairman, and Mr Timothy Proctor.

Midlands Radio declines to £687,000

Pre-tax profits at Midlands Radio, the holder of four franchises and operator of seven radio stations, fell from £1.65m to £687,000 in the 12 months to September 30, a "difficult year for the radio industry".

Turnover slipped 6 per cent to £10.1m (£10.7m), leaving profits before regulatory costs – of £326,000 (£357,000) – at £1.36m (£2.05m). Net interest payable totalled £238,000 (credit £48,000).

Earnings declined to 3.3p (7.95p) and the recommended final dividend is a reduced 1p (2p) for a total of 2.5p (4.5p).

Albert Fisher buys sauce business

The Albert Fisher Group has bought the Hammonds Sauce Business of Dalgety Foods for £12.2m, of which £10.74m was paid on completion.

Hammonds, a specialist sauce maker, operates from two locations in Yorkshire and Lancashire. Its products are sold to the grocery trade and also to the catering sector, and its latest turnover was £13m. It formed part of the Homepride division of Dalgety.

Fisher is making the acquisition through Evedale Foods, which was formed this year via the merger of MCC Foods and Beswicks.

Significant drop in Avesco profit

Avesco, which makes equipment and provides services for the broadcasting and television industries, reported a pre-tax profit fall from £302,000 to £147,000 in the half-year ended September 30 1991.

Turnover improved slightly to £9.61m (£9.46m). Earnings per share came through at 0.164p (0.335p) and the interim dividend is again 0.5p.

Mr Richard Murray, chairman, said the winners of the ITV franchises would have to do their sums again to balance the cost of obtaining the franchise against a drop in forecast advertising expenditure. That meant AVS must continue to fight in a depressed market.

However, the independent production and facilities market should get a boost from the fact that the two major franchises that had changed hands would adopt a "publisher/broadcaster" stance.

On the service side of the business, the Gulf war had a big impact on the number of music tours which led to Screenco's profits being drastically reduced. Fountain, the television studio, had been in profit in recent months.

Fleming Intl High forecasts same

Fleming International High Income Investment Trust is paying an unchanged interim dividend of 1p from earnings of 1.59p. The trust confirmed that the year's pay-out would again be 3.5675p.

Revenue before tax for the half year ended November 30 fell to £2.58m (£2.98m) – the earnings figure compared with 1.82p previously.

At the end of the six months net asset value per zero dividend share was 65.2p, against 61.3p at May 31 and 57.6p the year before, while figures for the ordinary shares were 33.7p, 36.9p and 25.5p respectively.

Umeco dives and cuts interim

All companies in the Umeco group progressively felt the effects of the UK recession in the six months ended September 30 1991, and pre-tax profit fell from £411,000 to £68,000.

The interim dividend is cut to 0.75p (1.655p) and the extent to which the final could be maintained at 2.24p would depend on the second half result and obtaining sufficient encouragement from the economic situation at that time, said Mr George Metcalfe, chairman.

"There are no signs whatsoever of this at present".

However, export sales of aircraft refuellers, particularly for the Gulf, should help ensure the second half showed an improvement, he said.

As well as refuellers, this USM-quoted group manufactures seals, sealants and components primarily for the aerospace industry.

Turnover in the half year dropped to £5.42m (£7.27m), producing a gross profit of £1.47m (£1.8m). There was a net interest charge of £38,000 (credit £4,000).

Clarke Foods to acquire Lyons Maid

Clarke Foods has now exchanged contracts for the purchase of Lyons Maid from J Lyons, the food division of Allied-Foods.

The acquisition comprises trade marks, fixed assets and certain current assets and liabilities of Lyons Maid at a consideration to be determined at completion.

The purchase will be financed by bank borrowings and a rights issue.

Clarke is currently proceeding with a capital expenditure programme in excess of £10m in the West Midlands in order to update its existing facilities.

Following an extraordinary meeting to approve the buy, Clarke will apply for its USM share quote to be restored.

£91,000 profit at United Energy

United Energy, the USM-quoted group which owns producing oil and gas interests in the US, made a pre-tax profit of £91,000 in the opening half of 1991, the first time it has issued interim figures.

Mr James Butterfield, chairman, said despite the difficult economic climate on both sides of the Atlantic, the group was continuing to evaluate opportunities for direct investment in oil and gas properties, corporate acquisitions and other energy related projects.

Turnover came to £160,000 and gross profit to £27,000. That was bumped up by interest receivable of £42,000 and partial release of a provision against litigation of £185,000.

Towles reduces midway deficit

The first half loss at Towles was £644,000 before tax credit. That compared with £695,000 last time, which had fallen to £56,000 for the full year. The group makes hosiery, garments and fabrics.

In the period, to August 31 1991, turnover was almost maintained at £5.75m (£5.83m).

Losses per share were 18p (18.83p), after a tax credit of £212,000 (£243,000).

Pentos makes agreed offer for Wilding

The board of Wilding Office Equipment yesterday unanimously recommended shareholders to accept from Pentos, the specialist retailer, an all-share offer valuing the target at £3.7m.

Pentos is best known for its outlets which include Dillons, Hatchards, Claude Gill (books), Athena (posters, prints and cards) and Ryman (stationery), although it already manufactures furniture for office and data processing needs under the Caplan, Asher and Chair Design Associates names.

At the same time Wilding, which sells office equipment and makes office screens and related furniture, reported that its taxable losses had grown from £585,000 to £2.94m in the year to September 30.

Turnover slid from £54.1m to £50.5m and at the operating level, profits of £46,000 turned into losses of £2.29m. Interest and similar charges took more at £692,000 (£638,000). Losses per share worked through at 13.2p (2.4p) and no final has been proposed leaving no payout for the year (1.8p).

For every 250 Wilding ordinary shares, Pentos has offered 23 new ordinary and 68 warrants, each carrying the right to subscribe for one share at 195p up to the end of 1996. The offer values each Wilding share at 20p, against Thursday night's 27p in the market.

Mr Terry Wilding, Mr Thomas Wilding and Mr John Nott, directors of Wilding, and certain other shareholders have irrevocably undertaken to accept Pentos' offer in respect of their holdings which total 11.2m Wilding ordinary, or 60.13 per cent.

Subject to the offer becoming unconditional, Pentos is to acquire, from NatWest Bank, Wilding's £5.8m term loan to be satisfied by the issue of 4.2m new Pentos ordinary to be placed with institutional investors at 137.5p per share.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Avesco ....int	0.5	Apr 6	0.5	-	1.5
Fleming Int High....int	1	Feb 14	1	-	3.5675
Marina Develpts ....int	nil	-	5	-	5
Midlands Radio ....fin	1	Mar 2	2	2.5	4.5
Racal Electronic....int	0.3‡	Feb 13	1.05	-	3.7065
Reed Executive ....int	nil	-	0.6	-	0.6
Tottenham ....fin	nil	-	nil	nil	1
Umeco § ....int	0.75†	Feb 14	1.655	-	3.895
Wilding Office ....fin	nil	-	nil	nil	1.8
Wolv'ton/Dudley ....fin	6.2	Jan 27	5.6	10.3	9.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ‡After demerger.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100p	F.P.	-	102	101	‡Aberforth Sm. Co's C Shs	101		H4.5	-	5.9	-
-	F.P.	-	58	44	BTR Warrants 1995/96	45½	-2½	-	-	-	-
-	F.P.	-	143	95	Baillie Gifford Jap Wrts	97		-	-	-	-
140	F.P.	-	149	140	Burn Stewart Dist	144	+1	R5.0	2.3	4.6	11.1
-	F.P.	-	3	2	Butte Mining Wrnts	2		-	-	-	-
†	F.P.	-	110	76	Capital Ventures 1p	77		-	-	-	-
4	F.P.	-	9½	3	Culver 1p	3½		-	-	-	-
100	F.P.	-	96	92	Drayton Korea Tst.	92		-	-	-	-
-	F.P.	-	31	26	Do. Warrants	26		-	-	-	-
-	F.P.	-	320	188	Eurotunnel '91 Wrnts.	210	-8	-	-	-	-
■500	F.P.	-	507	472	Fidelity Euro Values Units	472		-	-	-	-
§235	F.P.	-	283	256	Frost Group	272		u2.0	0.9	1.0	11.6
-	F.P.	-	19	16½	Hanson New Warrants	16½	-½	-	-	-	-
‡	F.P.	-	24½	24	Hong Kong Zero Dv Pf	24	-½	-	-	-	-
195	F.P.	-	216	200	JIB Group 10p	201	-3	R7.5	1.8	5.0	14.9
587	F.P.	-	574	563	*Latin Am Extra Yld	574		-	-	-	-
§528	F.P.	-	22	17½	M & G Income Cap 1p	17½		-	-	-	-
-	F.P.	-	66	61	Do. Geared Units	61	-½	M4.91	-	10.7	-
§44	F.P.	-	45	43½	Do. Income 1p	44		M4.91	-	14.9	-
100	F.P.	-	102	96	Do. Package Units	96½	-½	M4.91	-	6.8	-
-	F.P.	-	37	35¼	Do. Zero Div Pf	35¼		-	-	-	-
■500	F.P.	-	505	494	Morgan Grenfell Eq. Unit	494		-	-	-	-
50	F.P.	-	54	35	‡Simpsons of Cornhill 5p	35	-4	-	-	-	10.8
100	F.P.	-	102	100¼	St. Davids Zero Div Pf	100¼	-½	-	-	-	-
-	F.P.	-	3½	1½	Wills Group Wrnts.	3½	+½	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	101p	100p	Barings 9¼pc Non-Cum. Prf £1	101p	
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	102½	98½	Cambourne Inds. 10½pc Rd. Deb 2001	102½	
100p	F.P.	-	103p	100p	Fidelity Euro. Values Equity Ln 2001	100p	
105	F.P.	-	105	98	Greencore 9.5% Cov Un Ln Stk 1995	100	
100p	F.P.	-	104p	100¼p	NatWest Bank 9pc Prf Series A	100¼p	-¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
100p	Nil	12/12	12½pm	¼pm	Attwoods	¼pm	-¼
42	Nil	17/12	2pm	¼pm	‡Corporate Services 40p	¼pm	
10	Nil	6/12	1½pm	¼pm	Lowe (Robert H) 1p	¼pm	
88	Nil	7/12	10pm	2pm	Molynx 20p	2½pm	
230	Nil	20/12	26pm	16½pm	Morrison (W) Supermkts	18pm	+1½
84	Nil	23/12	4pm	1¼pm	Pict Petroleum 5p	1½pm	
7½	Nil	17/12	3pm	1pm	Ross Group 5p	1pm	-¼
150	Nil	16/12	1½pm	1½pm	St. Davids Inv Inc	1½pm	
40	Nil	16/12	14pm	12½pm	TIP Europe 5p	12½pm	
5	Nil	20/12	1½pm	¼pm	‡Union Square 1p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ¶ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Unregulated collective investment scheme. ■ Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Dec. 2
- Last Dealings Dec. 14
- Last Declarations Mar. 5
- For settlement Mar. 16

For rate indications see end of London Share Service

Calls: ASDA, Brent Walker, BTR 94/95, BTR 95/96, Ferranti, Ibstock (J.), Lonrho, Lucas, Midland & Scottish, Minorco, Monarch Res. Natl. Home Loan Hldgs., Premier Oil. Puts: ADT, Costain, Dunhill, Ratners Prf. Puts & Calls: M.L.Labs, Smith & Nephew.

Adia breaks even and omits payout

By Frances Williams in Lausanne

ADIA HOLDING, parent company of the Swiss-based employment services group, said yesterday it was passing its dividend.

This was after it declared zero net earnings for the year ending June 30 and announced an increase in restructuring provisions, from SFr100m ($71m) to SFr400m.

Last year, it posted net earnings of SFr65m.

The move will reduce the holding company's equity capital from SFr704m in June 1990 to SFr287m in June 1991.

However, completion of the 18-month divestment programme, announced last June and now well advanced, will reduce the debt of Adia Holding by about SFr700m and that of the group as a whole by SFr1.2bn from the present SFr2.5bn.

Adia's new management switched course this year with a decision to strip the diversified company down to its core business of employment services, where it is ranked number two in the world behind Manpower of the US.

The ambitious sell-off programme principally concerns security, inspection and computer leasing companies in Europe and the US.

Adia changed hands last March when Mr Klaus Jacobs, the Swiss industrialist, and Asko Deutsche Kaufhaus, the German retailing group, acquired a 56 per cent stake from Omni, the holding company controlled by Mr Werner Rey which is now in liquidation.

Mr Nico Issenmann, Adia's chief executive, told a news conference that the group had already sold most of the operations of Meridian International, its European computer leasing arm.

It was negotiating the sale of Meridian US with GE Capital, part of General Electric, the engineering group, and it was in discussion with potential purchasers for other companies.

Mr Issenmann said he expected net consolidated earnings of the Adia group would fall by between SFr0 and SFr20m in the calendar year 1991, against SFr115m last year.

Operating profits would drop to SFr120m from SFr204m in 1990, while group turnover would shrink nearly 2 per cent from SFr4.1bn to SFr4.02bn, with employment services accounting for SFr3.2bn. The holding company will in future also report by the calendar year.

Though acknowledging that 1992 would be another difficult year, as the poor economic climate continued to dampen demand for temporary workers, Mr Issenmann said that longer-term prospects for the company's core business were bright.

He foresaw expansion in the US, Japan and most European markets.

Adia also announced yesterday that it had bought 80 per cent of Ideal Job, the third biggest Swiss employment agency, with an estimated 1991 turnover of SFr76m, from Swiss Bank Corporation (SBC). The purchase makes it the leader in the Swiss employment services market.

As part of the same deal, Adia has sold SBC its 40 per cent stake in UEC Universal Ingenieur, an engineering and planning consultancy, entailing a small undisclosed cash gain for Adia.

Daiei makes partial bid for rival retail chain

By Robert Thomson in Tokyo

DAIEI, Japan's largest supermarket chain, has announced a friendly, partial takeover bid for Chujitsuya, another Japanese retailer. Chujitsuya, which has an extensive network of supermarkets in the Tokyo metropolitan area, had previously been a takeover target for a third retail and property group, Shuwa.

The debt-laden Shuwa, claiming it intended to restructure the Japanese retailing industry, had built hostile stakes in seven retail chains, including Chujitsuya, but was forced to use a large portion of the shares as collateral on Y110bn ($855m) in loans from Daiei.

The deadline for Shuwa's repayment of the loans was yesterday. Daiei announced the bid in expectation that it would take control of most of Shuwa's 33.9 per cent stake in Chujitsuya, worth Y100bn.

Chujitsuya executives had previously said they feared a takeover by Daiei, but explained that they had no choice but to accept a "partnership" with the aggressive company, which will control almost 20 per cent of Japanese supermarkets if the partial bid is successful.

Daiei has already taken control of Maruetsu, another former Shuwa target with a significant network of supermarkets in the Tokyo area. Building stronger Tokyo operations is a priority for the Daiei group, which is based in western Japan and has been restricted from expanding in Tokyo by high real estate prices.

The collapse of the Tokyo stock market and the jump in Japanese interest rates last year forced the privately-owned Shuwa to turn to Daiei for assistance. At the height of its expansion, Shuwa had assets estimated at $10bn, including about 50 office blocks in Japan and large property holdings in the US.

Berliner Bank grows 45% to set 10-month record

By Leslie Colitt in Berlin

BERLINER Bank reported record earnings of DM161m ($101.3m) in the first 10 months of the year, a rise of 45 per cent over the same period last year.

The bank, in which the city of Berlin holds a majority stake, expects to show equally buoyant results for the entire year, said Mr Wolfgang Steinriede, board spokesman. Berliner Bank had joined the circle of the most profitable institutions in German banking, he said.

This year's operational results were more than 90 per cent higher than last year's, which had been boosted by special factors, Mr Steinriede said.

Since the fall of the Berlin Wall in November 1989, Berliner Bank has expanded strongly in east Berlin, where it took over Berliner Stadtbank. It has also grown in the surrounding Brandenburg state. Berliner Bank expects it will soon have a larger market share in eastern Germany than in west. It estimates it will have well over 100,000 east German customers.

Full merger proceedings with Berliner Stadtbank were begun this week. All its branches in east Berlin are to be renamed Berliner Bank.

Berliner Bank consolidated its position as the largest German issuer of Visa charge cards with 330,000, 60,000 more than last year.

Mr Steinriede called on the city to approve Berliner Bank's long-sought merger with Landesbank Berlin, the former Sparkasse of Berlin. He warned that if the city failed to give the green light for the merger, Berliner Bank would have to seek DM400m in fresh capital next year. Berliner Bank would have no trouble raising the funds but the financially-strapped city might have problems providing its share of DM200m, he suggested.

● The privatisation of the east German optical industry was completed with the sale by the Treuhand agency of Rathenower Optical Works to five western investors including Optiplast, a British-German eye-glass producer.

The companies pledged investments of DM27.1m and guaranteed to keep 560 jobs. The Carl Zeiss Jena optical and electronics company was privatised earlier this year. A 51 per cent holding went to Carl Zeiss Oberkochen in west Germany and 49 per cent to the newly-formed Jenoptik company held by the state of Thuringia.

Italcementi buys 70% of Czech group

By Andrew Taylor, Construction Correspondent

ITALCEMENTI, Italy's biggest cement manufacturer, has agreed to acquire a 70 per cent stake in Cement Hranice, the largest cement-producer in Czechoslovakia.

The agreement to sell off part of the former state-owned company was claimed to be the largest privatisation deal since Volkswagen, the German car-producer, agreed to pay DM1.4bn ($828m) for a 70 per cent stake in Skoda, the Czechoslovak car-maker.

Italcementi has agreed with the Czechoslovak National Property Fund to pay $135m over five years for its stake. The money is to be used to complete a cement works at Hranice, in northern Moraviam, and reduce the Czechoslovak company's borrowings.

KPMG Peat Marwick, the London-based firm of accountants which advised Cement Hranice, said that Czech nationals would be given an opportunity to acquire the outstanding equity.

The new plant will increase Hranice's annual production capacity from 680,000 tonnes to 1.1m tonnes. The company currently employs about 1,000.

Italcementi, part of the Italmobiliare Group, has an annual capacity of about 20m tonnes and controls about 36 per cent of the Italian market.

The opening of the Czechoslovak economy is providing opportunities for western financial and legal services groups.

McKenna & Co of London was legal adviser to Cement Hranice. UBS Phillips & Drew advised Italcementi.

Appeal court ruling on Wagons-Lits will apply to all minority shareholders

By Andrew Hill in Brussels

ALL minority shareholders in Wagons-Lits, the Franco-Belgian travel company, will receive an increased price for their shares if Accor, the French hotels group bidding for Wagons-Lits, fails to overturn a Belgian court ruling.

On Wednesday, the Brussels commercial court told Accor and Société Générale de Belgique, minority partner in the bid, that the offer should be increased from BFr8,650 to BFr12,500 a share – the price at which the two companies allegedly took control of Wagons-Lits in June 1990 with the purchase of a 27 per cent holding.

Technically, the ruling applies only to the minority shareholders who brought the case against Accor and La Générale, but the companies confirmed yesterday that if the decision was upheld "in whole or in part" in the appeal court, then the increased price would be extended to all shareholders "in a similar situation".

They also said the bid period would be prolonged until 5pm on December 19.

Assuming 40 per cent of the Wagons-Lits shares are still in the hands of minority investors, Accor/La Générale would have to spend an additional BFr6.2bn ($189m) on top of the BFr14bn they have already offered.

On Thursday, the Agnelli family of Italy extended its offer for Exor, the holding group which controls the French mineral water company Source Perrier, to all shareholders.

Under French takeover law, the Agnellis need only bid for 66 per cent of Exor, but they decided to spend up to an extra FFr1.8bn ($55m) after coming under pressure from minority shareholders.

The Accor/Wagons-Lits case differs in that Belgian law already requires bidders to make an offer for the entire capital of the company, but unlike in France there is no official threshold above which an offer has to be launched.

The court decision, if upheld, should give Belgian investors a weapon with which to challenge the takeover authority's interpretation of when control of a company has changed hands.

VW steps up five-year spending

By Andrew Fisher in Frankfurt

VOLKSWAGEN, the German motor group, has stepped up investment plans considerably for the next five years. It intends to spend DM82bn ($51bn) during 1992-96 – DM12bn more than in 1991-95.

The increase reflects fast expansion in the group's existing activities and ambitious plans in Czechoslovakia (with Skoda), in Portugal (with Ford Motor of the US), and in China.

Not all the money will be spent on cars.

This car side of the business will take DM51bn, of which the VW marque will account for DM14.5bn.

The Seat subsidiary in Spain will require a further DM8.2bn, with DM6.1bn being spent on Skoda and DM5.2bn on Audi, the up-market German car subsidiary.

The rest will go on VW's growing operations in China, Portugal and Mexico.

The remaining DM31bn of the investment is for financial services, mainly leasing.

The group's spending plans for next year amount to DM18bn, of which DM18bn will go on vehicles. In Germany, its biggest spending project is a new car assembly plant in Saxony, east Germany, costing nearly DM5bn.

News Corp's fund-raising approved

By Kevin Brown in Sydney

SHAREHOLDERS in News Corporation, Mr Rupert Murdoch's media group, yesterday approved an offering of up to 65m ordinary shares, part of a series of moves intended to strengthen the group's balance sheet.

A special meeting of shareholders also ratified the placement of US$180m in News Corp's convertible preference shares over the last two months.

News Corp also plans to sell US$300m worth of senior 10-year notes.

Mr Ken Cowley, managing director of News Ltd., the group's Australian arm, said the fund-raising was part of a comprehensive programme which would enable the group to meet debt repayments due in 1993.

News Corp shares have performed strongly on the Australian Stock Exchange since bottoming at A$3.30 earlier this year, shortly before the group persuaded more than 100 banks to refinance its debts of US$7.6m.

However, the shares have retreated in line with the market in recent days, after trading above A$15, and lost a further 32 cents yesterday to close at A$14.12.

Mr Cowley said he was "puzzled" by a widely-circulated report published by Kynikos Associates, a New York fund manager, which said the shares were worth a maximum of A$2.

The Kynikos report claimed News Corp had been forced into a flurry of fund-raising because it paid too much for many of its media assets and was now suffering a recurring negative cash flow.

"We doubt whether there is any value to the common equity, since. . . it appears that News Corp is selling assets and securities in the public market simply to fuel the tremendous cash outflow from operations," the report said.

"In sum, recent security issuances and the stock price notwithstanding, we believe that. . . News Corp paid too much to acquire properties in the 1980s, and, as such, is at best living on borrowed time."

Japan Airlines moves to cut costs by 15%

JAPAN Airlines (JAL) is cutting controllable costs by 15 per cent, or Y20bn ($155m), in the year to March 1992, AP-DJ reports from Tokyo. This includes a Y17bn deferral of capital investment.

JAL is also consolidating cargo operations from January to March, due to a slowdown in cargo traffic.

The company will reduce administrative, sales and advertising expenses. It will cut overtime hours but not staff numbers.

Toyota warns that capital spending will hit profits

By Kevin Done, Motor Industry Correspondent

TOYOTA, which earned the highest profits in the world motor industry last year, warned yesterday that its earnings in the current financial year would come under significant pressure from heavy spending on capital investment and research and development.

Mr Hideo Ikenaga, director of Toyota's finance and accounting divisions, said the company's "aggressive commitment" to R&D and capital spending would come "at the expense of short-term earnings".

He told a conference in London: "We will have our hands full trying to maintain profitability this year at the same level as last year."

In the last financial year to the end of June, 1991, Toyota suffered a decline in earnings for the first time in four years. Operating profits fell by 22 per cent to Y499.9bn ($3.6bn), while net income fell slightly to Y431.5bn ($3.1bn)

Toyota's earnings are also coming under pressure from falling sales in Japan, where overall new vehicle demand continues to weaken.

In October, Toyota vehicle production fell by 7.7 per cent, the third consecutive month in which output was below that of the same month a year earlier. Toyota's domestic new vehicle registrations were 11 per cent lower in October, the 12 consecutive year-on-year monthly decline.

Financially, Toyota is one of the strongest of the world's car-makers, and held net liquid assets of Y2,499bn ($17.6bn) at the end of June.

Mr Ikenaga said that group turnover would rise to more than Y10,000bn in 1991-92 following a 7.2 per cent rise in the previous financial year to Y9,900bn ($71.4bn).

Toyota planned to hold R&D spending at around 5 per cent of turnover.

Capital spending jumped by 63 per cent in 1990-91 to Y858.4bn ($6.2bn) and would remain "near that level" in the current year.

Asea deal ends shift to holding group structure

By John Burton in Stockholm

ASEA yesterday sold its last business operation, the shipping concern Brostroms. This completed the company's transformation into a holding group for its 50 per cent stake in Asea Brown Boveri (ABB), the Swedish-Swiss engineering conglomerate.

The disposal of Brostroms follows the separation of Incentive, the industrial group, from Asea in July. Asea said the removal of these operations would make it easier for investors to analyse the performance of ABB, whose stock is listed through Asea and Brown Boveri.

The Brostroms sale involves Skarhamnsforetaget Shipinvest, a Swedish shipping management company, acquiring an option, effective from January 3 1992, on its shares.

Shipinvest, whose main shareholders include Four Seasons Venture Capital, had a profit of SKr23.2m ($3.99m) on sales of SKr370m last year.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991	Low 1991
Gold per troy oz.	$368.15	+1.80	$369.25	$392.25	$353.55
Silver Per troy oz	225.35p	-5.45	213.35p	280.55	183.35p
Aluminium 99.7% (cash)	$1082.5	-23.5	$1564	$1570	$1082.5
Copper Grade A (cash)	£1227.5	-85	£1300	£1472	£1227.5
Lead(cash)	£297	+5	£330	£382.5	£282.75
Nickel (cash)	$7100	-30	$8275	$9237.5	$7090.0
Zinc SHG (cash)	$1209	+1	$1288.5	$1430	$990.25
Tin (cash)	$5485	+20	$5725	$5915	$5452.5
Cocoa Futures (Mar)	£774	+11	£694	£824	£596
Coffee Futures (Mar)	£588	+2	£603	£619	£492
Sugar (LDP Raw)	$236.4	+8.9	$248.6	$293	$194
Barley Futures (Mar)	£122.05	-0.90	£120.20	£122.95	£107.75
Wheat Futures (Mar)	£127.70	-0.80	£124.05	£141.10	£111.80
Cotton Outlook A Index	61.55c	-0.40	82.65c	86.25c	61.55c
Wool (64s Super)	415p	+18	412p	421p	329p
Oil (Brent Blend)	$19.175x	-1.075	$27.25	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Jan

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$18.10-8.15	-.175
Brent Blend (dated)	$19.00-9.15	-.125
Brent Blend (Jan)	$19.15-19.20	-.125
W.T.I. (1 pm est)	$20.30-20.40	-.225
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$211-213	-4
Gas Oil	$180-181	-2
Heavy Fuel Oil	$74-75	
Naphtha	$187-189	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$368.15	+3.40
Silver (per troy oz)♣	408.00	+2.50
Platinum (per troy oz)	$370.50	+3.80
Palladium (per troy oz)	$84.75	+1.15
Copper (US Producer)	109.0c	
Lead (US Producer)	37.0c	
Tin (Kuala Lumpur market)	14.57r	-0.07
Tin (New York)	$254.5	+0.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	106.37p	+1.47*
Sheep (dead weight)†	152.12p	+0.58*
Pigs (live weight)†	85.47p	+2.31*
London daily sugar (raw)	$236.4x	+3.4
London daily sugar (white)	$278x	-1
Tate and Lyle export price	£240	+1
Barley (English feed)	£120.25	
Maize (US No. 3 yellow)	£146	
Wheat (US Dark Northern)	£101	
Rubber (Jan)♥	50.25p	-0.25
Rubber (Feb)♥	50.50p	-0.25
Rubber (KL RSS No 1 Jan)	219.5m	
Coconut oil (Philippines)§	$597.5z	-2.5
Palm Oil (Malaysian)§	$372.5t	
Copra (Philippines)§	$392.5	+5.0
Soyabeans (US)	£147	-1
Cotton "A" Index	61.55c	-0.30
Wooltops (64s Super)	415p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Jan t-Jan/Apr u-Feb/Apr x-Nov/Dec y-Jan/Feb z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
Mar	194.20	199.20	199.00 193.20
May	192.20	197.00	196.40 191.00
Aug	194.80	199.00	197.00
Dec	193.80		192.00
Mar	198.60		192.00
White	Close	Previous	High/Low
Mar	276.0	279.5	279.5 276.0
May	276.0	279.5	278.5 276.0
Aug	280.5	284.0	280.4 279.9
Oct	251.5	264.5	251.4 259.9

Turnover: Raw 453 (238)lots of 50 tonnes. White 604 (583)
Paris- White (FFr per tonne): Mar 1521.24, May 1538.95

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Jan	18.90	19.13	19.35 18.90
Feb	18.87	19.08	19.25 18.87
Mar	18.83	18.92	19.11 18.83
Apr	18.86	18.75	18.86 18.86
May	18.75	18.61	18.85 18.75
IPE Index	19.41	19.32	

Turnover 12000 (22757)

GAS OIL – IPE			$/tonne
	Latest	Previous	High/Low
Dec	180.50	183.00	183.50 178.75
Jan	182.50	184.75	186.00 181.75
Feb	181.00	183.00	184.00 181.00
Mar	178.00	179.00	180.00 178.00
Apr	173.00	174.00	175.75 173.00
May	171.25	172.00	173.25 171.00
Jun	173.50	173.00	
Jul	174.25	174.50	174.50 173.75
Aug	176.00	176.25	176.00

Turnover 16050 (17551) lots of 100 tonnes

SPICES
Pepper market inactive for the past fortnight, reports Man-producten. White pepper prices declined on lack of demand from consumers and a better supply position in Indonesia. Spot prices about US$1,500 a tonne; Dec-Jan shipment $1,425 to $1,450 cif. Black pepper prices fluctuated within narrow limits. Brazil remains the most important supplier for the European market at about $1,000 cif for Dec-Jan shipment. Prices in all other origins remained steady.

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Dec	734	741	745 732
Mar	774	780	782 771
May	796	801	805 795
Jul	820	825	828 817
Sep	842	849	850 841
Dec	870	877	879 872
Mar	898	906	908 904
May	915	923	924 921
Jul	932	938	938 936
Sep	947	953	952 945

Turnover: 3522 (8249) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.5 972.50 (985.63) 10 day average for Dec.6 948.95 (949.58)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Jan	1070	1070	1072 1060
Mar	1032	1035	1030 1021
May	1009	1010	1006 998
Jul	1010	1010	1009 1004
Sep	1017	1025	1018 1015
Nov	1040		1030 1025

Turnover:1810 (1880) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.5 : Comp. daily 64.94 (65.43) 15 day average 65.41 (65.34)
Sterling close: January £604 , March £ 588

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Mar	116.0	118.5	116.0
Apr	118.0	120.4	120.5 117.5
May	136.0	140.0	

Turnover 63 (195) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Apr	126.50		126.50

Turnover 16 (25) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point
	Close	Previous	High/Low
Dec	15.90	15.95	15.90 15.90
Jan	16.52	16.48	16.65 16.38
Apr	16.63	16.84	16.65 16.50
Jul	14.55		14.55
BFI	15.61	15.64	

Turnover 367 (199)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Jan	124.10	124.40	124.30 124.10
Mar	127.70	127.90	127.85 127.70
May	130.75	130.90	130.85 130.65
Barley	Close	Previous	High/Low
Jan	118.75	119.15	118.75
Mar	122.05	122.50	122.25 122.05
May	124.05	124.30	124.05

Turnover: Wheat 195 (247), Barley 13 (15).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg			
	Close	Previous	High/Low
Jan	103.0	103.5	
Feb	106.0	105.5	104.5
Mar	108.0	108.0	
Apr	108.5	108.0	
May	109.0	109.0	
Jun	110.0	109.0	

Turnover:10 (15) lots of 3,250 kg

BGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx	131.90	131.61			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)				Total daily turnover 30,034 lots		
Cash	1082-3	1076-7		1085-6		
3 months	1197-8	1101-2	1116/1102	1111.5-2.0	1107-8	138,441 lots
Copper, Grade A (£ per tonne)				Total daily turnover 28,631 lots		
Cash	1227-8	1252-3	1253/1230	1252.5-3.0		
3 months	1234-5	1256-7	1255/1234	1255-6	1239-9.5	105,436 lots
Lead (£ per tonne)				Total daily turnover 2,186 lots		
Cash	296.5-7.5	297-7.5	298	297.5-8.0		
3 months	303.5-5.5	305.25-5.5	307/304	305.5-8.0	304.25-4.5	15,309 lots
Nickel ($ per tonne)				Total daily turnover 3,741 lots		
Cash	7090-110	7080-100		7110-5		
3 months	7100-10	7100-10	7110/7095	7100-5	7095-100	19,002 lots
Tin ($ per tonne)				Total daily turnover 967 lots		
Cash	5480-90	5470-80		5495-500		
3 months	5530-40	5525-30	5545/5525	5545-50	5530-40	4,951 lots
Zinc, Special High Grade ($ per tonne)				Total daily turnover 6,983 lots		
Cash	1208-10	1206.5-8.5		1217-20		
3 months	1170-2	1184-5	1190/1168	1182-3	1180-1	40,492 lots

LME Closing £/$ rate:
SPOT: 1.8103 3 months: 1.7859 6 months: 1.7580 9 months: 1.7348

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	367.90-368.40	
Opening	367.80-368.20	
Morning fix	367.90	204.753
Afternoon fix	367.75	202.953
Day's high	368.80/369.20	
Day's low	367.40/368.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	4.51	6 months	4.10
2 months	4.36	12 months	4.04
3 months	4.28		

Silver fix	p/fine oz	US cts equiv
Spot	228.15	406.50
3 months	232.00	411.10
6 months	236.05	416.80
12 months	250.15	425.90

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	367.75-368.75	203.00-203.50
Maple leaf	378.00-379.00	208.60-209.00
New Sovereign	89.50-90.50	49.50-50.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jul	Mar	Jul
1000	115	151	6	11
1100	45	82	34	39
1200	11	37	98	91
Copper (Grade A)	Calls		Puts	
2100	122	131	21	49
2200	61	79	59	93
2300	25	43	121	154
Coffee	Jan	Mar	Jan	Mar
550	56	52	1	14
600	18	24	13	36
650	3	10	46	72
Cocoa	Mar	May	Mar	May
750	51	75	27	29
775	36	60	39	39
800	28	48	54	52
Brent Crude	Jan	Feb	Jan	Feb
1900	18	65	18	60
1950	15	45	40	90
2000	5	28	75	0

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Dec	369.4	367.4	370.0	368.0
Jan	370.4	368.5	0	0
Feb	371.9	370.0	373.0	370.2
Apr	374.3	372.5	375.7	372.9
Jun	376.8	3374.9	376.7	375.2
Aug	379.0	377.4	0	0
Oct	381.4	379.9	0	0
Dec	383.9	382.5	383.5	382.6
Feb	386.5	385.2	385.7	385.7

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	373.3	369.3	374.0	371.0
Apr	375.8	371.8	376.3	374.0
Jul	378.0	374.3	378.5	376.0
Oct	384.0	380.3	382.0	382.0
Jan	386.0	0	384.0	384.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Dec	402.1	402.6	406.0	402.0
Jan	403.8	404.4	405.0	405.0
Feb	405.4	406.1	0	0
Mar	407.0	407.7	412.0	406.0
May	410.7	411.4	415.0	410.0
Jul	414.1	414.9	418.0	414.0
Sep	417.6	418.5	0	0
Dec	423.2	424.1	426.0	425.0
Jan	425.3	426.2	427.0	427.0
Mar	429.3	430.2	430.0	430.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	98.90	98.50	99.00	98.00
Jan	98.80	98.60	98.90	98.40
Feb	98.60	98.50	98.90	98.50
Mar	98.50	98.45	98.90	97.70
Apr	98.35	98.25	0	0
May	98.20	98.10	98.50	97.60
Jun	98.05	97.95	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Dec.6	Dec.5	mnth ago	yr ago
1621.2	1628.4	1632.8	1722.7

DOW JONES (Base: Dec. 31 1974 = 100)				
	Dec.5	Dec.4	mnth ago	yr ago
Spot	114.50	115.28	112.62	123.48
Futures	121.16	121.70	121.17	124.49

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Jan	20.18	20.39	20.53	20.18
Feb	20.16	20.32	20.47	20.16
Mar	20.08	20.18	20.32	20.07
May	19.96	20.01	20.15	19.98
Jun	19.90	19.94	20.10	19.92
Aug	19.80	19.83	19.98	19.80
Sep	19.80	19.79	19.85	19.65
Oct	19.77	19.77	19.92	19.77

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Jan	5805	5930	5930	5805
Feb	5690	5985	5990	5690
Mar	5790	5858	5870	5790
Apr	5635	5640	5670	5635
Jun	5390	5350	5415	5380
Jul	5390	5330	5390	5360
Aug	5470	5400	5470	5435
Sep	5590	5525	5565	5550
Oct	5665	5625	5665	5665

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Dec	1231	1248	1260	1220
Mar	1284	1289	1301	1278
May	1320	1325	1333	1313
Jul	1349	1355	1362	1342
Sep	1377	1380	1380	1376
Dec	1414	1417	1418	1414
Mar	1444	1448	0	0
May	1466	1470	0	0
Jul	1489	1493	0	0
Sep	1507	1516	1507	1507

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	76.60	77.40	77.00	76.40
Mar	80.85	81.55	81.80	80.60
May	83.40	84.40	84.45	83.35
Jul	86.25	87.30	87.10	86.25
Sep	88.95	89.90	89.90	88.85
Dec	92.50	93.65	93.00	92.40
Mar	95.65	96.60	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.83	9.08	9.04	8.80
May	8.75	8.93	8.87	8.72
Jul	8.75	8.91	8.86	8.71
Oct	8.75	8.90	8.84	8.72
Mar	8.72	8.85	8.78	8.70
May	8.71	8.81	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Dec	56.51	57.15	57.25	56.45
Mar	58.81	58.57	59.19	58.75
May	60.15	59.70	60.45	59.90
Jul	61.12	60.62	61.30	60.87
Oct	63.26	63.05	63.40	63.25
Dec	63.60	63.45	64.00	63.70
Mar	65.00	64.65	65.10	64.85
May	65.58	65.30	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	164.80	165.75	164.95	163.80
Mar	166.25	166.75	166.40	165.00
May	166.40	166.50	166.40	165.10
Jul	166.25	166.25	0	0
Sep	164.65	164.65	0	0
Nov	154.30	154.05	154.50	154.50
Jan	152.45	152.45	152.00	152.00
Mar	152.45	152.45	0	0
May	152.45	152.45	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Jan	555/2	557/6	559/0	553/4
Mar	562/2	564/0	565/0	560/2
May	569/4	570/4	572/4	567/4
Jul	576/6	577/0	580/0	574/4
Aug	580/6	579/0	582/0	577/4
Sep	583/0	580/4	583/0	579/4
Nov	583/6	583/2	587/6	581/4
Jan	593/4	593/0	594/4	592/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Dec	19.45	19.60	19.56	19.39
Jan	19.53	19.74	19.69	19.46
Mar	19.82	20.03	20.00	19.78
May	20.08	20.30	20.24	20.05
Jul	20.30	20.46	20.45	20.29
Aug	20.44	20.63	20.50	20.43
Sep	20.55	20.65	20.55	20.55
Oct	20.55	20.65	20.58	20.55

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Dec	173.5	173.3	173.7	172.5
Jan	171.8	171.4	171.8	170.6
Mar	170.4	170.2	170.6	169.3
May	170.8	170.6	171.0	170.0
Jul	172.8	172.5	173.1	171.8
Aug	173.2	173.2	174.0	173.2
Sep	173.8	173.5	174.0	173.0
Oct	187.0	186.5	187.5	186.4

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Dec	237/2	239/0	239/6	237/0
Mar	248/4	248/0	249/0	246/2
May	253/0	254/6	255/4	252/6
Jul	258/2	259/2	260/4	258/0
Sep	255/4	256/6	258/2	255/2
Dec	254/2	254/6	255/4	254/0
Mar	261/2	261/2	262/0	261/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Dec	385/2	391/6	397/0	384/4
Mar	379/6	385/2	391/0	379/0
May	357/2	361/6	366/0	356/0
Jul	327/4	328/6	332/4	327/0
Sep	333/0	334/0	336/6	333/0
Dec	345/2	346/4	346/4	345/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Dec	73.07	72.75	73.16	72.36
Feb	74.37	73.65	74.45	73.45
Apr	74.30	73.37	74.40	73.50
Jun	70.17	69.52	70.20	69.45
Aug	68.22	67.87	68.45	67.87
Oct	68.95	68.37	69.10	68.30
Dec	69.85	69.50	69.95	69.32

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Dec	41.62	41.80	41.90	41.40
Feb	41.40	41.05	41.77	41.08
Apr	39.50	39.12	39.85	39.12
Jun	44.87	44.55	44.95	44.30
Jul	44.95	44.65	45.15	44.50
Aug	43.80	43.50	43.80	43.85
Oct	40.50	40.40	40.55	40.45
Dec	41.32	41.25	41.32	0

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	38.25	37.72	38.65	37.70
Mar	38.47	37.92	38.72	37.77
May	39.75	39.02	39.90	38.90
Jul	40.10	39.50	40.25	39.28
Aug	39.02	38.17	39.16	38.65

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar lower as Fed eases

THE DOLLAR ended at a nine month low yesterday after the Federal Reserve cut US interest rates following a large fall in November employment.

The dollar dropped to DM1.5670 from DM1.5890 before recovering to close at DM1.5720 after a 241,000 decline in non-farm payroll employment in November. This compared with a rise of 4,000 the previous month and market expectations of a 20,000 fall.

Currency dealers described the numbers as "horrific" and few were surprised after the Federal Reserve lowered the Federal funds rate by ¼ point to 4½ per cent.

The dollar was given a further downward kick after Mr David Mulford, the Treasury Undersecretary said "recent and present exchange rates are not a matter of concern to us." Traders said they believed the US authorities were attempting to boost the economy by devaluing the dollar.

At one stage there were suggestions that the Bundesbank had been intervening to defend the dollar. But most traders did not believe the suggestions.

The Federal Reserve is expected to lower the discount rate to 4 per cent from 4½ per cent at its next open market committee meeting on December 17.

However, with commercial banks still affected by bad debts, the lending rates charged to consumers and industry may not follow market rates lower, analysts said.

The D-Mark benefited from the dollar's weakness and remained firmer within the ERM. The Bank of France modestly intervened to defend the franc, while the Bank of Italy was said to be aggressively supporting the lira. The mark rose to FFr3.419 from FFr3.416 and to L757.25 from L756.1.

Sterling was also weakened to DM2.8450 from DM2.8500, although there were no signs of Bank of England intervention. It rose to $1.8105 from $1.7935.

The Australian dollar was under pressure after the unexpected departure of the Treasurer, Mr John Kerin. It fell to 77.5 US cents from 78 cents the previous day.

The Scandinavian currencies were still attracting attention after Sweden raised its interest rates to 17.5 per cent from 11.5 per cent. The strength of the D-Mark also weakened the Scandinavian currencies, but the Finnish Markka was stable.

The Swedish krona was weaker against the D-Mark and there were widespread suggestions that the central bank had been intervening in the currency markets, buying marks and selling Ecu's.

The Swedish government has tied the krona in a 1.5 per cent band to the Ecu. The mark closed at SKr3.6650 from SKr3.6630. The mark also firmed against the Norwegian krone to NKr3.9430 from NKr3.9410, despite a devaluation having been ruled out.

£ IN NEW YORK

Dec.6	Latest	Previous Close
£ Spot	1.8095-1.8105	1.7970-1.7980
1 month	0.85-0.84pm	0.84-0.82pm
3 months	2.56-2.54pm	2.55-2.52pm
12 months	9.50-9.40pm	9.53-9.43pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Dec.5	Previous
8.30	am	90.6	90.6
9.00	am	90.7	90.6
10.00	am	90.6	90.6
11.00	am	90.6	90.6
Noon		90.7	90.6
1.00	pm	90.7	90.6
2.00	pm	90.8	90.6
3.00	pm	90.8	90.6
4.00	pm	90.8	90.6

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.344	-2.46	5.04	42
Belgian Franc	42.4032	41.9604	-1.04	3.54	43
D-Mark	2.05586	2.03594	-0.97	3.46	52
Dutch Guilder	2.31643	2.29426	-0.96	3.45	40
Irish Punt	0.767417	0.763999	-0.45	2.92	13
Italian Lira	1538.24	1539.43	0.08	2.38	-11
French Franc	6.89509	6.96056	0.95	1.50	-60
Danish Krone	7.84195	7.92303	1.03	1.41	-54
Sterling	0.696904	0.714049	2.46	0.00	-48

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8105	1.8019	1.7844	1.7590	1.7140
D-mark	2.8450	2.8426	2.8381	2.8322	2.8183
French Fr.	9.7275	9.6885	9.6410	9.4880	9.1490
Swiss Fr.	2.5150	2.5100	2.5046	2.4856	2.4563
Yen	232.00	231.16	229.46	226.83	221.62

EXCHANGE CROSS RATES

Dec.6	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.810	2.845	232.0	9.727	2.515	3.205	2152	2.056	58.75	1.402
$	0.552	1	1.572	128.2	5.374	1.390	1.771	1189	1.136	32.46	0.775
DM	0.351	0.636	1	81.55	3.419	0.884	1.127	756.4	0.723	20.65	0.493
YEN	4.310	7.802	12.26	1000.	41.93	10.84	13.81	9276	8.862	253.2	6.043
F Fr.	1.028	1.861	2.925	238.5	10.	2.586	3.295	2212	2.114	60.40	1.441
S Fr.	0.398	0.720	1.131	92.25	3.868	1	1.274	855.7	0.817	23.36	0.557
N Fl.	0.312	0.565	0.888	72.39	3.035	0.785	1	671.5	0.641	18.33	0.437
Lira	0.465	0.841	1.322	107.8	4.520	1.169	1.489	1000.	0.955	27.30	0.651
C$	0.486	0.880	1.384	112.8	4.731	1.223	1.559	1047	1	28.57	0.682
B Fr.	1.702	3.081	4.843	394.9	16.56	4.281	5.455	3663	3.500	100.	2.386
Ecu	0.713	1.291	2.029	165.5	6.938	1.794	2.286	1535	1.466	41.90	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Easier US rates

MONEY market rates were easier yesterday after the Federal Reserve responded to a disappointing set of US employment figures by lowering interest rates.

The Federal Reserve signalled its intention to ease policy through the money markets when it injected reserves into the banking system. The addition of funds, when Federal funds were trading at 4½ per cent, was seen by traders as a sign that the Federal Reserve wanted to ease rates.

Federal funds had previously been targetted at 4¾ per cent. A reduction in the discount rate is also expected. The Federal Reserve's open market committee meets on December 17 and analysts believe it will announce a ½ point cut to 4 per cent.

However, there is less certainty whether the commercial banks will follow the Federal Reserve's lead. Bad debts may make the bank's reluctant to ease, although analysts said the US administration will apply pressure to reduce borrowing costs to consumers and industry.

Eurodollar futures rose strongly and in London the March contract added 8 points to 95.51.

The weakness in the dollar also contributed to the generally easier tone on the world's money markets, although in Europe the strength of the D-Mark made operators more cautious.

London money rates were slightly easier with the key three months inter-bank rate off ⅛ at 10$\frac{13}{16}$-⅝ per cent. In the futures market, the March short sterling contract fell a point to 89.67.

In Frankfurt short-term rates were lower after the Bundesbank's decision on Thursday to leave interest rates unchanged. Call money was at 9.10-9.15 per cent from 9.15-9.25 per cent and just below the 9.25 per cent Lombard rate.

There was still widespread uncertainty about whether the Bundesbank would raise rates at its next council meeting in just under a fortnight.

Bank's holdings with the Bundesbank eased to DM82bn on Wednesday from DM83.4bn on Tuesday. However, traders said that reserve levels were still high. The holdings averaged DM82.2bn for the first four days of December, unchanged from the first three days of the month. Lombard borrowing rose to DM3.1bn on Thursday from Wednesday's DM2bn, reflecting high call money rates.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Dec	91.82	91.84	91.76	91.74
Mar	92.23	92.24	92.14	92.16
Jun	92.52	92.51	92.50	92.47
Sep	92.70	92.65	92.65	92.66

Estimated volume 3363 (1780)
Previous day's open int. 25087 (25237)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Dec	2402.5	2434.0	2386.0	2423.5
Mar	2433.5	2464.5	2420.0	2455.5
Jun	2462.5	2482.0	2482.0	2484.5

Estimated volume 12372 (11617)
Previous day's open int. 39895 (39133)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Dec	1054.0			1056.0
Mar				

Estimated volume 0 (0)
Previous day's open int. 305 (305)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8105	1.8019	1.7844	1.7590	1.7140

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
105	1.66	-	-	0.55	-	-
106	1.04	1.93	-	0.91	0.98	-
107	0.59	-	-	1.45	-	-
108	0.31	0.99	-	-	-	-
Open Int.	131,581	11,244	50	83,639	10,679	100

Estimated volume 24,225 Total Open Interest 237,293

BANK RETURN

BANKING DEPARTMENT	Wednesday December 4, 1991		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	104,789,876	+	4,563,574
Bankers Deposits	1,686,465,750	+	71,707,279
Reserve and other Accounts	3,520,302,779	+	154,779,665
	5,326,111,405	+	231,050,518
ASSETS			
Government Securities	1,285,531,528	+	85,145,000
Advance and other Accounts	2,063,195,364	+	69,635,197
Premises Equipment & other Secs	1,970,347,791	+	75,856,011
Notes	6,824,471	+	397,281
Coin	212,251	+	17,029
	5,326,111,405	+	231,050,518
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	16,433,175,529	+	359,602,719
Notes in Banking Department	6,824,471	+	397,281
	16,440,000,000	+	360,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	12,253,245,477	+	1,001,866,462
Other Securities	4,175,739,423	-	641,866,462
	16,440,000,000	+	360,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should *not* be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange *Talisman* system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's *Official List the latest recorded business in the four previous* days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1927

Exchequer 10½% Stk 2005 – £105 (3De91)

Corporation and County Stocks
No. of bargains included 2

London County 2½% Cons Stk 1920(or after) – £23 (29No91)
Greater London Council 6¾% Stk 90/92 – £98¼
Birmingham District Council 11½% Red Stk 2012 – £103½ (29No91)
Liverpool Corp 3% Red Stk 1942(or after) – £25 (3De91)
Manchester(City of) 11.5% Red Stk 2007 – £103¾ (2De91)

UK Public Boards
No. of bargains included 1

Agricultural Mortgage Corp PLC 7¾% Deb Stk 91/93 – £94 5 (4De91)
10¼% Deb Stk 92/95 – £99¼♦
Clyde Port Authority 3% Irrd Stk – £25♦
4% Irrd Stk – £30♦

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included 61

Ireland(Republic of) 9¾% Stk 91/96 – £96
Abbey National PLC 8¾% Bds 1993 – $1.0375 103⅝ (4De91)
Abbey National Treasury Servs PLC 13¾% GtdNts1995(Br£1000,10000&100000) – £106⅝ (2De91)
American Express Credit Corp 5¾% Bds 1993(BrY1000000) – Y97 (2De91)
Asda Finance Ld 10¾% Cnv Cap Bds2005(Br £5000&100000) – £75¼ ½ (4De91)
BP Capital BV 9¾% Gtd Nts 1993 – $104⅝ (2De91)
Barclays Bank PLC 12¾% Senior Subord Bds 1997(Br£Var) – £107¼ (4De91)
Blue Circle Industries Capital Ld 10¾% Cnv Cap Bds 2005(Br£5000&100000) – £101 (2De91)
Boots Finance Ld 6% Cnv Cap Bds 2005 (Br) – £123¼ (3De91)
British Airways PLC 10% Bds 1998 – £93¾ ½ (3De91)

Stk 2010(Reg) – £94⅝ (4De91)
11.5% Ln Stk 2003 – £108¼ ¾
New Zealand 7¾% Stk 88/92 – £97½
11¼% Stk 2008(Reg) – £103½
11½% Stk 2014(Reg) – £105¾ (3De91)
11¾% Stk 2014(Br) – £106½
Nova Scotia(Province of) 11¾% Ln Stk 2019 – £104 (3De91)
Petroleos Mexicanos 14½% Ln Stk 2006 – £110¾♦
Portugal(Rep of) 9% Ln Stk 2016(Reg) – £85⅝ ¾
13.5% Ln Stk 2010(Reg) – £123⅝ (4De91)
United Mexican States 16½% Ln Stk 2008(Reg) – £122½

Banks and Discount Companies
No. of bargains included 2106

ABN-AMRO Hldgs N.V.Ord FL5 – FL41.64 .85 2 .08 .1
Barclays PLC ADR (4:1) – £14.37 (2De91)
Barclays Bank PLC 8¼% Uns Cap Ln Stk 86/93 – £94½ 5
12% Uns Cap Ln Stk 2010 – £104
16% Uns Cap Ln Stk 2002/07 – £129⅝ ¾
Barings PLC 8% Cum 2nd Prf £1 – 83½
9¾% Non-Cum Prf £1 (FP/AL-10/12/91) – 100½ ¾ 1
HSBC Hldgs PLC Ord $H10 – $H2.35 2.36 2.37 2.38
Kyowa Saitama Bank Ld Shs of Com Stk Y50 – Y1170.43 8.66 80
Lombard North Central PLC 5% Cum 2nd Prf £1 – 40 (4De91)
Midland Bank PLC 7½% Subord Uns Ln Stk 83/93 – £92¼♦
10¾% Subord Uns Ln Stk 93/98 – £99¾
14% Subord Uns Ln Stk 2002/07 – £112½ (29No91)
Mitsubishi Trust & Banking Corp Shs of Com Stk Y50 – Y1643.33 .333333 8.6585 58.92
National Westminster Bank PLC 7% Cum Prf £1 – 59½
9% Subord Uns Ln Stk 1993 – £95
12½% Subord Uns Ln Stk 2004 – £106⅝ ⅝ 9½
Royal Bank of Scotland Group PLC 11% Cum Prf £1 – 90
Schroders PLC 8¾% Uns Ln Stk 97/2002 – £85 5

1992 - The European Market

The FT proposes to publish this survey on **December 18 1991.**

The more predominant role of the EC will have the greatest impact on a company's business over the next few years. This was the view of 51% of top Chief Executives in Europe surveyed in 1990 who read the FT.

If you want to reach this important audience, call Elizabeth Vaughan on 071 873 3472 or fax 071 873 3079

Data source: Chief Executives in Europe 1990.

FT SURVEYS

TURKISH FINANCE INVESTMENT & INDUSTRY

The FT proposes to publish this survey on December 17th 1991.
This survey will be distributed in 160 countries worldwide. If you want to reach this important audience, call
Connie Davis in London
on Tel: 071 873 3514
Fax 071 873 3079.
or Ciro Costanza in Istanbul
on Tel: (1) 1795350
Fax: (1) 1641761

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

LONDON STOCK EXCHANGE

Footsie closes below the 2,400 mark

By Terry Byland, UK Stock Market Editor

A DIFFICULT two week trading account in the UK equity market came to a disappointing close last night, when the Footsie Index slid below the 2,400 mark, the benchmark level to which it had been clinging for several days. UK shares turned down in the second half of the session when the US dollar lost ground following the announcement of poor US employment figures.

There was no great increase in selling by the institutions when the market plunged yesterday afternoon to show a fall of 31.7 on the Footsie at the day's low. The loss reflected another sell-off by marketmakers and short-term traders ahead of the close of the trading account. Shares rallied when Wall Street reversed early falls, but there was little response in London to the signs of an easing in credit policies by the Federal Reserve. Early gains in UK government bonds were trimmed later.

Account Dealing Dates		
First Dealings:		
Nov 25	Dec 9	Dec 30
Option Declarations:		
Dec 5	Dec 23	Jan 9
Last Dealings:		
Dec 6	Dec 27	Jan 10
Account Day:		
Dec 16	Jan 6	Jan 20

*New-time dealings may take place from 8.30 am two business days earlier.

At the close, the FT-Index was 18.3 down at 2,388.7. The Footsie has fallen by around 2.4 per cent over the two-week trading account, losing 31.5 this week against a background of increasing concern over the effects of the recession on British companies and also increasing concern on the outlook for interest rates. The collapse of the Maxwell business empire has raised fears of further losses at the banks, and tensions in the property world tightened yesterday after Rosehaugh, a leading City of London property developer, had its accounts qualified.

Once again, the market moved erratically yesterday, reflecting the general nervousness among investors. The institutions have been offering stock all week but there has been little sign of forced selling. Traders kept a low profile yesterday and avoided taking on positions ahead of the extended Christmas trading account which opens on Monday.

After shading lower at first, the Footsie edged up by 6.6 early in the trading session and the Footsie 2,400 mark looked safe until the dollar began to weaken. London then followed the other European stock markets to lower levels.

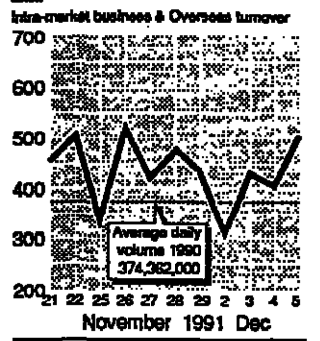
Seaq volume was high at 567.3m shares, although below Thursday's 589m total. Both figures were heavily inflated by overnight tax-related trades, in which blocks of stock are sold very late in the day and then repurchased the following morning.

Dealers were unhappy to see the FT-SE 2,400 mark lost, but noted that this level has been abandoned and then regained several times this week. However, some chart specialists believe that if the market fails to recover to 2,400 next week, then it could face a further significant downward correction.

● Retail, or customer, business in equities has remained relatively light this week as share prices have moved erratically in nervous trading.

London SE volume

Turnover by volume (million)
Excl: Intra-market business & Overseas turnover



FINANCIAL TIMES STOCK INDICES

	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.70	86.54	86.22	85.98	85.90	83.29	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.66	96.34	96.03	95.84	95.78	90.64	97.17 (2/10)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1802.8	1822.4	1839.5	1836.3	1831.5	1723.8	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	163.5	163.9	168.1	168.9	170.9	150.4	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2388.7	2407.0	2423.8	2420.2	2414.9	2183.4	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1086.91	1096.92	1105.53	1101.90	1093.16	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)

	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Year Ago
●Ord. Div. Yield	5.09	5.06	5.01	5.03	5.06	5.61
●Earning Yld %(full)	7.61	7.57	7.45	7.48	7.52	11.71
●P/E Ratio(Net)(*)	16.51	16.59	16.87	16.79	16.72	10.31
SEAQ Bargns 4.45pm	27,116	24,252	23,293	23,570	23,180	27,372
Equity Turnover(£m)†	-	937.84	926.62	900.63	637.93	825.78
Equity Bargains†	-	22,158	22,113	22,732	22,434	27,269
Shares Traded (ml)†	-	501.6	403.6	428.6	307.5	461.5

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. * Nil 15.59.

Ordinary Share Index, Hourly changes Day's High 1828.1 Day's Low 1792.1

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1820.9	1826.4	1824.4	1825.2	1819.1	1816.0	1801.2	1797.2	1803.4

FT-SE 100, Hourly changes Day's High 2413.6 Day's Low 2375.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2402.6	2409.9	2409.0	2410.7	2402.3	2399.8	2383.7	2382.1	2390.0

FT-SE Eurotrack 200, Hourly changes Day's High 1096.13 Day's Low 1082.40

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1094.23	1094.72	1095.71	1093.94	1094.23	1094.85	1086.42

GILT EDGED ACTIVITY

Indices*	Dec 5	Dec 4
Gilt Edged Bargains	81.6	67.4
5 – Day average	76.3	75.9

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

Late setback in Racal

RACAL Electronics shares fell steeply during strictly unofficial trading carried out after the close of the market and in the wake of the increased offer from Williams Holdings.

The increased terms, which included a cash element, valued Racal shares at 54.25. Racal shares were being unofficially quoted at 45p-46p on the news, well below their official closing level of 51p. Turnover in Racal was a hefty 11m shares making the stock the fifth heaviest traded in the market.

Earlier, Racal had issued a strong defence document predicting profits of a minimum £50m for the current year.

One market specialist described the increased offer from Williams as "a token gesture", adding that a bid of around 60p or slightly more would probably have been enough to win the approval of City institutions. Williams Holdings shares closed 8 lower at 287p.

Selling of Calor

Shares in Calor Group, the bottled gas producer, came under sustained selling pressure after the stock was hit by reports of a brace of profits downgradings by two of the oil sector's most influential broking houses, Kleinwort Benson and SG Warburg Securities.

By the close of trading, Calor shares had retreated 24 to 214p, the lowest level since July this year. Turnover was a lowly 330,000 shares.

Kleinwort Benson, the company's broker was said to have lowered its current year earnings estimate from £37m to £30m, while SG Warburg was said to have shifted from £35m to £31m. The declines were blamed on increasing prices of feedstock for Calor's bottled gas products.

The steep fall in the Calor share price comes only days after SHV, the privately-owned Dutch investment company discreetly increased its stake in Calor by just short of 2 per cent to 46 per cent, causing a short term boost in the share price in doing so.

Insurance stocks came in for another buffeting with life assurers hit by worries of increased Government regulation of the pensions industry post the Maxwell saga and composites suffering from the imminent emergence of more details on mortgage indemnity losses.

Worries that the Government may introduce legislation to force pension funds to limit their holdings in their parent companies was seen as potentially damaging to United Friendly whose funds own some 20 per cent of United stock. The latter's shares retreated 23 to 337p. Britannic also suffered, slipping 14 to 828p. Prudential, on heavy turnover of 4.8m shares, lost 6 to 216p.

Sun Alliance came under more downward pressure, the shares sliding 9 to 280p amid suggestions that the group may reveal the full extent of their exposure to mortgage indemnity losses in the near future. Royal Insurance dropped 12 more to 246p.

Premier Consolidated Oilfields topped the list of active stocks with turnover of 36m shares entirely made up of the second half of a bed and breakfast, or tax-related deal, the first half of which was reported a minute before the close of trading on Thursday evening. Premier shares eased a penny to 29p; the bed and breakfast trade was transacted at 17p.

The front-line oil stocks were given a rough ride, upset by weak international equity markets. BP lost 6 to 291p on 5m and Shell 8 to 479p on 2.3m.

Ultramar shares continued their descent, sliding 10½ more to 271½p. Shareholders, worried by the steep decline in the value of Lasmo stock since the latter upped its offer for Ultramar, were said to have been selling heavily in the market. Lasmo gave another dismal showing to close 10 weaker at 253p with 2.3m traded. At their worst yesterday Lasmo touched 248p, the lowest level since Autumn 1988.

Enterprise Oil, whose shares have been depressed in recent days by worries that the absence of any counter bidder for Ultramar could be an indicator that asset valuationsin the exploration and production are seen as too high, dropped 10 more to 456p, its lowest closing lelvel since January 1989.

Weakness in the dollar undermined the blue chip international stocks. ICI fell 16 to 1165p, with the market unimpressed by the decison to sell the UK lime businesses to Minorco for £115m. However, turnover in ICI was light, at barely more than 1m shares.

Among the pharmaceuticals, Glaxo fell 17 to 807p, with 2.4m shares traded as investors backed away after reports that Astra, a principal rival of Glaxo, had made a good impression on meetings of sector analysts. However, Glaxo is believed to be presenting its own research and development plans to analysts on Monday.

In properties, Rosehaugh, best-known for its Broadgate development in the City of London, shed 4 to 11p on the disclosure that its accounts have been qualified by the auditors.

Siebe added 10 to 494p, boosted by a clutch of buy recommendations following the favourable results earlier in the week. Pilkington gained 3 to 124p as fears of a cut in final dividend faded.

Worries over the level of debt at ADT left the shares 13 down at 295p. A squeeze helped BAA firm 2 to 504p. Glynwed International added 9 to 182p on reports of buying interest at Nomura and SG Warburg.

Vickers jumped 4 to 163p as talk that the company was considering the sale of its Rolls-Royce motor subsidiary once again did the rounds.

Turnover in Simon Engineering reached 2.2 million as the shares followed the market lower, easing a penny to 214p.

Shares in British Aerospace bounced 3 to 328p, boosted by news that the company was talking to Matra Marconi Space about a possible link-up of the company's space activities.

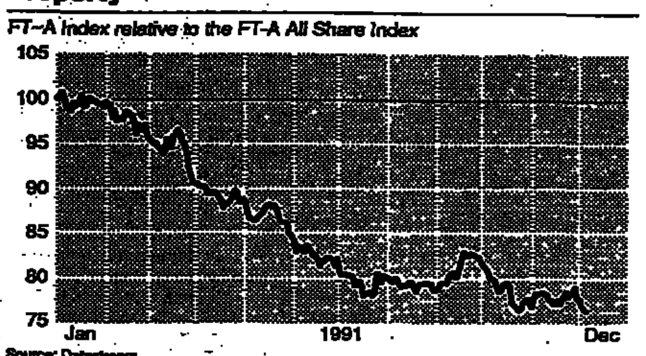
British Steel slipped 2 1/2 to 70 1/2 after Smith New Court increased its forecast loss for the company. The broker now expects full-year figures to show a loss of £145m (£100m) and the following year's figure to be a loss of £175m (£100m).

MARKET REPORTERS:
Joel Kibazo,
Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 7.

Property

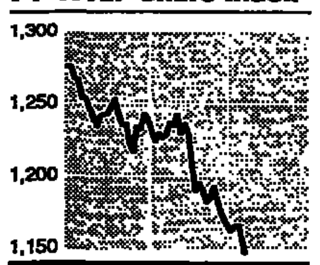
FT-A Index relative to the FT-A All Share Index



Source: Datastream

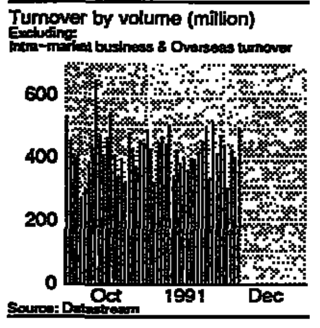
The year-long slide in the property share sector has been resumed this week, reversing the nervous rally seen towards the end of last month. Rising unemployment, and the consequent fall in occupational demand for property, has emphasised the negative outlook for rental prospects.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding: Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (9).
BRITISH FUNDS (2) Treas. 2pc I-L 1992, Conv. 9pc Ln. 2011 B, **OTHER FIXED INTEREST (1)** GLC 6¾pc 1990-92, **CANADIANS (1)** Bank of Montreal, **BUSINESS SERVICES (1)** Werner Howard, **ENGINEERING GENERAL (1)** Whessoe, **MEDIA (1)** Watmoughs, **METAL & METAL FORMING (1)** Apollo Metals, **TRANSPORT (1)** BAA.
NEW LOWS (114).
AMERICANS (3) IBM, Pennzoil, Varity, **CANADIANS (3)** Can. Pacific, Gulf Canada, Imperial Oil, **BANKS (1)** Mitsubishi Bank, **BREWERS & DISTILLERS (1)** Marston Thompson, **BUILDING MATERIALS (5)** European Colour, Freeman, Redland, Sharpe & Fisher, Starmin, **BUSINESS SERVICES (1)** ADT, **CHEMICALS (1)** Leigh Interests, **CONGLOMERATES (3)** Hanson Warrants, Do. 9½pc Bd., Trafalgar House A, **CONTRACTING & CONSTRUCTION (8)** Birse, Bryant, CALA, Countryside Props., Lilley, Taylor Woodrow, Wescol, Westbury, **ELECTRICALS (2)** Chloride, Oxford Instruments, **ELECTRONICS (4)** Amstrad, P & P, Pressac, Sema, **ENGINEERING GENERAL (1)** Clayton Son, **FOOD RETAILING (2)** Albert Fisher, Hunter Saphir, **HOTELS & LEISURE (5)** Marina Devs., Queens Moat Houses 7½pc Pf., Rank Org., Sleepy Kids, Wembley, **INSURANCE BROKERS (1)** Sedgwick, **INSURANCE COMPOSITE (4)** GRE, Royal Insce., Sun Alliance, USF & Gen, **INSURANCE LIFE (3)** Legal & Gen., London & Manchester, Utd. Friendly B, **INVESTMENT TRUSTS (10)** County Smaller Co's., Drayton Eng. & Intl., Do. Warrants, Drayton Recovery Pfd. Growth, Gartmore Scotland Inc., Do. Cap., Korea Liberal Warrants, Melville St. Warrants, Murray Split Cap. Cap., TR Prop., **MEDIA (4)** Aegis, BPB, Midlands Radio, TV-am, **METAL & METAL FORMING (5)** ASW, Brit. Steel, Clayhithe 9½pc Ln. 2000-1, Glynwed, Tinsley (Eliza), **MISCELLANEOUS (2)** Excalibur, Pacer Systems, **MOTORS (4)** BBA, European Motor, Lucas, T & N, **OIL & GAS (12)** Aran Energy, Brit. Petroleum, Clyde Petlm., Command Petlm., Enterprise Oil, Hardy Oil & Gas, LASMO, Pict Petlm., Premier Cons., Santos, Sceptre Res., Trident Petlm., **OTHER FINANCIAL (4)** First Natl. Finance, Japan OTC Fd., Japanese Warrant Fd., Union Discount, **OTHER INDUSTRIAL MATERIALS (1)** Whitecroft, **PROPERTY (13)** BHH, Bredero, Chesterfield, City Site Ests., Hammerson A, London Merchant 7¾pc Ln 2000-05, Markheath, Ossory Ests., Palmerston, Peel, Speyhawk, Trencherwood, Wates City of London, **STORES (5)** Bentalls, Clinton Cards, French Connection, Mallett, Ramars, **TEXTILES (1)** Leslie Wise, **WATER (1)** Anglian, **MINES (4)** Glencar, Meekatharra, Renison, Sons Gwalia.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	61	9	12	228	110	72
Other Fixed Interest	10	2	7	47	11	37
Commercial, Industrial	110	472	913	716	2,305	4,458
Financial & Property	42	203	530	386	1,084	2,408
Oil & Gas	4	41	47	46	150	260
Plantations	0	0	10	5	4	41
Mines	20	59	73	110	240	410
Others	13	73	59	145	277	303
Totals	260	859	1,651	1,683	4,181	7,989

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	110	295	-13	Cookson	3,900	99	+1	Lucas	2,400	106	-4	Shell Transport	2,300	479	-8
ASDA Group	19,000	32	-4	Courtaulds	472	455	-9	MB Caradon	443	235		Siebe	533	494	+10
Abbey National	3,300	279		Dalgety	69	356	-3	MEPC	583	422	+2	Slough Ests	36	232	-1
Albert Fisher	4,900	89	-4	De La Rue	186	446	+8	Manweb	108	290		Smith (W.H.) A	1,900	462	-3
Allied-Lyons	1,800	583	-1	Dixons	1,300	217		Marks & Spencer	1,600	285	+2	Smith & Nephew	2,900	130	-3½
Amstrad	592	26	-1	ECC Group	288	434	-1	Midland Bank	3,100	195	+8	SmKl Beecham	1,200	805	+3
Anglian Water	688	326	-3	Eastern Elect.	608	227	-1	Midlands Elect.	127	249	-2	SmKl Beecham Uts.	109	3565	+10
Argos	731	271	-3	East Midland Elect	711	238	+1	NFC	736	207	-5	Smiths Inds	1,000	252	+1
Argyll Group	3,500	291	+2	Enterprise Oil	978	458	-10	NatWest Bank	3,100	293	+3	Southern Elect.	236	244	
Arjo Wiggins	619	254	-2	Eurotunnel Units	532	370	-5	National Power	1,800	140	+1	South Wales Elect.	304	282	-1
Ass. Brit. Foods	199	438		FKI	1,100	50	-2	Next	3,100	59½	-2½	South West Water	359	310	+1
BAA	1,500	504	+2	Ferranti	853	6½		North West Water	1,200	339	-1	South West. Elect.	31	247	
BAT Inds	5,700	599	-12	Fisons	2,000	372	-7	Northern Elect.	14	246	+1	Southern Water	232	300	
BET	4,100	205	+5	Forte	4,000	238	-1	Northern Foods	267	550	-1	Standard Chartd.	152	382	+4
BICC	4,300	310	+2	Gen. Accident	245	427	-1	Norweb	691	261	+1	Storehouse	2,500	98	-3
BOC	1,300	577	-4	General Elect.	2,100	178	-2	Pearson	167	716	-9	Sun Alliance	264	280	-9
BPB Inds	447	139	+3	Glaxo	2,300	806	-18	P & O	1,400	397	-6	T&N	67	103	-3
BTR	1,400	368	-6½	Glynwed Int.	725	182	+9	Pilkington	2,500	124	+3	TI Group	666	523	-8
Bank of Scotland	2,200	113		Granada	434	175½	-1½	PowerGen	1,900	150	+2	TSB	3,900	115	+3
Barclays	2,300	339	+4	Grand Met.	1,900	853	+7	Prudential	4,800	216	-6	Tarmac	2,300	117	-3
Bass	1,100	973	+13	GUS A	135	1273	-1	RHM	2,200	250		Tate & Lyle	1,100	387	+3
Beazer	42	113		GRE	498	128	-4	RMC	593	512	+2	Taylor Woodrow	1,300	128	-6
Berisford Int.	813	20		GKN	2,600	280	+1	RTZ	2,200	478	+5	Tesco	5,800	229	-6
Blue Circle	581	205	-1	Guinness	1,600	489	-6	Racal	11,000	51	-1	Thames Water	651	337	
Booker	114	440	+2	Hammerson "A"	117	537	-2	Rank Org	2,300	668	+3	Thorn EMI	342	761	-2
Boots	914	415	-1	Hanson	8,500	790	-7	Reckitt & Colman	476	609	-10	Tomkins	880	397	+5
Bowater	268	654	-4	Hanson Warrants	2,400	17	-1½	Redland	846	444	-11	Trafalgar House	2,100	164	
Brit. Aerospace	2,800	326	+3	Harrisons Crosfield	1,200	120	+8	Reed Intl	648	475	-5	Ultramar	5,000	271½	-10½
British Airways	5,100	204	+2	Hawker Sidd.	44	719	-5	Rentokil	182	371	-3	Unigate	480	286	+1
British Gas	5,100	238	-4	Hillsdown	719	169		Reuters	1,400	944	+25	Unilever	906	824	-4
British Land	515	277		IMI	117	214	-2	Rolls Royce	3,900	132	+1	United Biscuits	768	380	+4
BP	5,000	291	-6	ICI	1,200	1165	-16	Rothmans	97	1035	-3	Utd. Newspapers	71	368	-8
British Steel	29,000	70½	-2½	Inchcape	816	396	-3	Ryl Bk Scotland	3,900	165	+4	Vodafone	2,200	354	-2
British Telecom	4,500	342	-4	Kingfisher	861	493	-1	Royal Insurance	4,000	246	-14	Warburg (SG)	165	509	-1
Bunzl	101	77	-2	Ladbroke	3,200	233	-2	Saatchi	873	12½		Wellcome	1,200	893	+8
Burmah Castrol	854	495	-24	Land Securities	848	463	+1	Sainsbury	1,200	352	+2	Welsh Water	763	350	+3
Burton	23,000	34½	-2	Laporte	111	698	-11	Scottish & New.	887	399	-2	Wessex Water	412	380	+2
Cable & Wire	2,700	538	+3	Legal & General	570	353	-7	Scot. Hydro-Elect.	1,300	101	-1	Whitbread A	482	416	-3
Cadbury Schweppes	2,200	410	+8	Lloyds Abbey	441	330	-8	Scottish Power	1,800	99	-1½	Williams Hldgs	2,200	287	-8
Calor Group	330	214	-24	Lloyds Bank	2,000	349	+2	Sears	3,800	91	-2	Willis Corroon	442	243	+3
Carlton Comms	1,500	429	+14	LASMO	2,300	253	-10	Sedgwick	432	199	-4	Wimpey	214	134	+4
Coats Viyella	732	170	+3	London Elect.	589	231	-1	Seeboard	85	248		Yorkshire Elect.	723	280	
Comm. Union	779	442	-7	Lonrho	6,600	168	+8	Severn Trent Water	1,000	302	-1	Yorkshire Water	660	358	

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE derivatives markets continued volatile as dealers spent most of the session speculating about US employment data, writes Joel Kibazo.

In Footsie futures, December having opened cautiously after a poor Wall Street performance overnight, rose as local traders led the buying, many moving to close short positions.

The lunchtime announcement of worse than expected US employment statistics caused December to retreat sharply falling to the day's low of 2375, and pulling the underlying cash market lower. December closed at 2462, three points above its estimated fair value premium to cash of 11 on turnover of 7942.

In LTOM turnover fell to 22320 with traders said to have been avoiding taking on long positions at the end of the account.

The biggest trade was in the Euro footsie with a day's total of 2939.

TSB whose shares have fallen recently on a poor trading and profits outlook, was the busiest stock option. It traded 1867 lots. This was followed by Asda with a day's total of 1163. British Airways, in which a big buyer of call options was reported traded 791 contracts. Lonrho, BT and British Steel were also busy.

LEADERS AND LAGGARDS

Percentage changes since December 31 1990 based on Thursday December 5 1991

Health & Household	+	60.55	All Share Index	+	12.06
Textiles	+	43.88	Insurance(Life)	+	9.15
Packaging, Paper & Printing	+	37.33	Electronics	+	6.65
Business Services	+	37.05	Gold Mines Index	+	6.02
Chemicals	+	32.25	Food Retailing	+	4.75
Merchant Banks	+	27.56	Banks	+	3.88
Consumer Group	+	25.35	Conglomerates	+	1.51
Stores	+	23.59	Hotels & Leisure	+	1.32
Telephone Networks	+	23.55	Capital Goods	+	0.54
Electricals	+	23.04	Water	-	0.76
Engineering-General	+	22.93	Financial Group	-	2.38
Brewers and Distillers	+	17.73	Oil & Gas	-	4.32
Industrial Group	+	17.60	Insurance(Brokers)	-	5.68
Other Groups	+	16.91	Motors	-	5.95
Other Industrial Materials	+	16.36	Building Materials	-	13.30
Electricity	+	14.69	Property	-	14.50
500 Share Index	+	14.39	Insurance(Composite)	-	16.24
Media	+	14.34	Engineering-Aerospace	-	18.93
Food Manufacturing	+	14.12	Contracting,Construction	-	20.69
Transport	+	14.05	Metals & Metal Forming	-	25.19
Investment Trusts	+	13.63			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	115.7757	-	9.51	9.78	9.70
BELGIUM		9.000	06/01	99.3000	+0.150	9.10	9.15	9.08
CANADA *		8.500	04/02	99.9500	-0.050	8.50	8.53	8.57
DENMARK		9.000	11/00	100.0400	+0.290	8.99	9.06	8.92
FRANCE	BTAN	8.500	11/96	97.4046	-0.037	9.16	9.13	8.97
	OAT	9.500	01/01	103.4700	+0.010	8.92	8.92	8.80
GERMANY		8.25	09/01	99.9700	+0.170	8.25	8.32	8.34
ITALY		12.000	06/01	98.6000	+0.050	12.62	12.63	12.47
JAPAN	No 119	4.800	06/99	94.0160	+0.322	5.95	6.17	6.30
	No 129	6.400	03/00	104.4683	+0.526	5.61	5.84	5.96
NETHERLANDS		8.500	03/01	98.2900	-0.050	8.77	8.83	8.77
SPAIN		11.900	07/96	99.7500	-	11.91	11.90	11.63
UK GILTS		10.000	11/96	100-23	+2/32	9.81	9.92	9.70
		10.000	02/01	101-19	+0/32	9.73	9.89	9.70
		9.000	10/08	95-24	-2/32	9.51	9.64	9.48
US TREASURY *		7.500	11/01	102-04	-8/32	7.19	7.39	7.52
		8.000	11/21	102-22	+30/32	7.77	7.95	8.00

London closing. *denotes New York morning session. Yields: Local market standard. Prices US, UK in 32nds., others in decimal. *Technical Data/ATLAS Price Sources*

COMMODITIES

WEEK IN THE MARKETS

Stocks continue to take their toll

THE GROWING mountain of stocks in London Metal Exchange warehouses continued this week to take its toll on hard-pressed producers.

Alusuisse yesterday announced a cut of 40,000 tonnes in annual production at its plant in Essen "because of the continued difficult situation in the international aluminium market." Earlier this week Granges, part of the Electrolux group, said it was planning to cut 20,000 tonnes at its smelter in northern Sweden.

Acec-Union Minière, the world's biggest producer of zinc metal, on Wednesday announced the closure of its 100,000-tonne-a-year Overpelt smelter in Belgium a year earlier than planned, and postponed the construction of a smelter at Balen until 1995.

LME aluminium stocks have risen by more than 40,000 tonnes this week alone, and now stand at a record 877,400 tonnes. News of the Alusuisse cut prompted a minor rally as those short of metal covered their positions. But the cash price ended the week $23.50 down at $1,082.50 a tonne, the lowest closing level since the contract was launched.

Mr Robin Bhar, metals analyst with Carr Kitcat & Aitken, said yesterday's rally was unsustainable as once again the cut was too little, too late. Between 150,000 tonnes and 200,000 tonnes needed to be taken out of production.

"Aluminium is in danger of falling even lower because these cuts are so ineffective," he said. The sooner the industry realised that it was doing itself long-term damage and took appropriate action, the more quickly prices would rise.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+21225	to 877,400
Copper	+6350	to 314,600
Lead	+1775	to 119,950
Nickel	-282	to 10,350
Zinc	+1675	to 161,750
Tin	+140	to 13,080

Cash aluminium is now 49 cents a lb. It is generally believed that about 75 per cent of the western world's smelting capacity is operating below its costs at 50 cents a lb.

However, Mr Nick Moore, analyst with Ord Minnett, believes the seeds of recovery have been sown in the aluminium market. The cumulative total of cuts this year stands at more than 900,000 tonnes, he said yesterday.

Most of the cuts have been announced since June, and are only now being implemented. "Every month from here on is going to see a lower rate of production," he said.

The combination of the voluntary cuts and possible recovery in demand in the US next year suggested that the downside in aluminium is limited.

LME zinc stocks are also at record levels, up a total of 4,750 tonnes this week to 161,750 tonnes. Acec-Union Minière said it was closing Overpelt early because "zinc consumption is not growing any more. New capacity is being built in other countries and the market cannot take any new capacity."

Mr Moore, who is bullish on zinc, welcomed the cut. "It's an indication that producers are prepared not to be intransigent, but are prepared to be disciplined in reducing supplies to the market," he said. LME stocks now represent more than 25 per cent of total identifiable zinc stocks, which suggests that when demand picks up the metal will flow quickly from LME warehouses as producer, consumer and merchant stocks are already low.

Mr Bhar, however, believes there is still room for another European zinc smelter to be closed. Depending on the level of any recovery, he believes the market could still be 100,000 tonnes in surplus next year.

Cash zinc closed yesterday at $1,209 a tonne, just $1 up on the week, but still at a premium of $38 a tonne over three-month metal. Mr Bhar said zinc consumers had complained that the climb of almost 35 per cent in zinc prices over the past month was totally unjustified. Perhaps zinc was suffering similar shenanigans to those in the copper market, he suggested.

The copper market story this week has been like something from a suspense thriller, with the LME forced on Tuesday to intervene for the first time in its "flagship" market. The exchange imposed a £25 limit on the daily backwardation (premium for cash metal over metal for delivery the following day).

The premium for cash metal over three-month metal, which was more than £50 a tonne on Monday, had disappeared by Thursday. Yesterday cash copper closed at 1,227.50 a tonne, a fall of £85 on the week and at a discount of £7 to three-month metal.

Japan's Sumitomo Corporation was behind the squeeze on the market, holding control over a large part of the 314,600 tonnes in LME warehouses. The market hopes that Sumitomo has changed tactics, and that prices will now ease.

David Blackwell

APPOINTMENTS

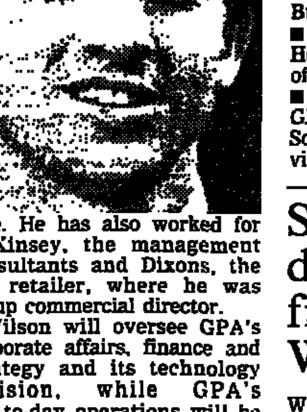
Nigel Wilson wings his way to GPA

Nigel Wilson, the 35-year-old managing director of Stanhope Properties, will become chief executive-corporate of GPA, the Irish aircraft leasing group early in the new year.

Wilson's strong financial background will come into play when GPA joins the stock market next year. He has a PhD in economics from the Massachusetts Institute of Technology and explored innovative financing techniques when he became finance director of Stanhope in August 1988.

Wilson's fast-track career, which made him one of the "40 under 40" in the view of the now-defunct Business magazine, reflects his ambition, personality and financial nous. However, he must shoulder some of the responsibility for the heavy losses incurred by Stanhope because of its overexposure to the ailing central London office market.

He is leaving Stanhope after many months of merger negotiations with Rosehaugh, the loss-making property company which is its co-owner of the Broadgate complex in the City. The lengthy talks are in difficulties, although Wilson will continue to negotiate on Stanhope's behalf until his departure.



He has also worked for McKinsey, the management consultants and Dixons, the UK retailer, where he was group commercial director.

Wilson will oversee GPA's corporate affairs, finance and strategy and its technology division, while GPA's day-to-day operations will be supervised by three executive directors. He will join a board that includes Sir John Harvey-Jones, former ICI chairman, Nigel Lawson, the former UK chancellor and Maurice Foley, the company's president, who plans to relinquish his executive role in October 1992.

Property moves

■ Chris Hoar is appointed sales and marketing director of NORWEST HOLST Construction from Rosser & Russell.
■ Carol Tills and Stephen Thomas have been appointed directors of HERRING SON & DAW RATING.
■ Richard Kealey is appointed a director of SHEPHERD CONSTRUCTION.
■ Martin Kelly is appointed md of ELLIOTT MEDWAY.
■ Malcolm Birchwood is appointed md of JL JOINERY, part of the John Lelliott Group.
■ Peter Woolley is moving from Speyhawk to become financial controller and company secretary of ENGLISH & OVERSEAS PROPERTIES. He replaces Paul Thimont who is to become financial director of CHARTWELL LAND Retail Developments.

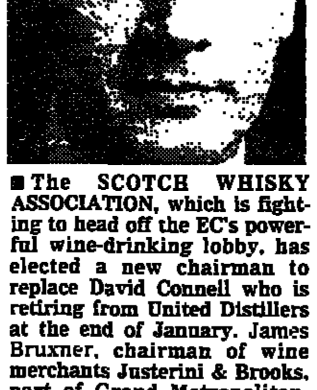
Non-executive directors

The following non-executives have been appointed.
■ UNITED INDUSTRIES: Ian Williamson; Brian Houlston is retiring.
■ JOHNSON GROUP CLEANERS: John Hancox.
■ REFUGE GROUP: Timothy Frankland; John Sleeman is retiring.
■ ABERDEEN TRUST: Joe Burnett-Stuart.
■ HAVELOCK EUROPA: Henry Fairweather, a director of Scottish & Newcastle.
■ CHELTENHAM & GLOUCESTER Building Society: John Bays to vice-chairman.

Sudden departure from Waterford

WATERFORD WEDGWOOD, the troubled Dublin-based crystal and ceramics group, announced yesterday that Robert Davies, the group finance director, is to leave the company. Richard Barnes, the finance director of the UK arm of the company, will temporarily take over Davies' responsibilities.

No reason has been given for Davies' sudden departure. Stockbrokers in Dublin say they were "taken completely by surprise". Davies has overseen much of the group's restructuring and the "operating demerger" of its crystal and ceramics divisions, which he said earlier this year had enabled the company to exert much tighter financial control and to cut losses. Its interim results published in October reported a cut in losses to I£3.2m from I£22.7m in 1990.



■ The SCOTCH WHISKY ASSOCIATION, which is fighting to head off the EC's powerful wine-drinking lobby, has elected a new chairman to replace David Connell who is retiring from United Distillers at the end of January. James Bruxner, chairman of wine merchants Justerini & Brooks, part of Grand Metropolitan, takes over with immediate effect.

Bruxner has been closely involved with the association's work, having chaired its public affairs committee since August 1990.

The campaign of the moment is directed against EC plans for a harmonised liquor tax which first seeped out back in June. The trade is reeling at proposals for a zero rating on wine compared with a levy on spirits of 1118.5 ecu per hectolitre of pure alcohol. As the promoter of Britain's fifth largest export, the association is vigorously contesting what it calls "discrimination between various kinds of alcoholic drink".

Scotch Whisky has been doing very well in southern Europe – sales in Spain, for instance, have doubled in the past five years, helping to offset the "measured" decline in the UK. An extra £2-2.50 per bottle on the southerners' new-found tipple could, it is feared, send them back to their rioja.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro SS

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

SS Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	49.62	49.83xd	50.33	+0.01	10.6
Capital Prime	5½	47.75	48.04	51.24	+0.07	9.40
Ethical	5½	46.34	47.30	50.32	-0.30	5.10
European Growth	5½	44.87	45.02	48.02	-0.22	3.2
Income	5½	43.92	44.46	47.42	-0.84	8.14
Intl Growth	5½	61.16	61.28	65.36	-0.49	3.46
Managed	5½	54.56	54.94	58.60	-0.33	4.83
UK Growth	5½	47.40	48.06	51.26	-0.14	6.15
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	183.3	185.6	193.3	+0.7	3.18
Do Income	3	174.9	177.2	184.5	+0.7	3.18
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	33.94	33.94	36.07	-0.3	2.64
UK Equity Gth Acc	5¼	45.79	46.68	49.60	-0.4	2.20
UK Eq High Inc Inc	5¼	27.48	28.18	29.95	-0.5	6.79
UK Eq High Inc Acc	5¼	30.90	31.69	33.68	-0.6	6.79
UK Equity Gen Acc	5¼	43.43	44.16	46.93	-0.4	3.65
UK Equity Gen Inc	5¼	33.99	34.54	36.73	-0.3	3.65
UK Larger Cos Acc F	7½	282.5	286.6	311.0	-3.0	4.92
UK Larger Cos Inc F	7½	227.4	230.7	250.4	-2.5	4.92
Gilt & Fxd Int Inc	5¼	27.58	27.65	29.25	+0.2	7.64
Gsml Larg Cos Acc F	7½	202.2	206.2	223.8	-2.7	2.16
Nth American Acc	5¼	32.62	32.80	34.86	-0.6	0.84
Far East Acc	5¼	39.07	40.06	42.55	-0.6	0.15
European Acc	5¼	32.06	33.66	35.77	...	2.71
Stewart Ivory Unit Tst Mgrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	270.9	270.9xd	289.4	-4.2	0.80
(Accum Units) ♥	5	318.8	318.8	340.6	-5.0	0.80
British	5	775.4	785.4	831.0	-1.2	6.24
(Accum Units)	5	1274.0	1290.4	1365.3	-2.0	6.24
European	5	308.5	308.5	328.6	-0.5	1.58
(Accum Units)	5	334.4	334.4	356.2	-0.5	1.58
Japan	5	107.7	107.7	114.6	-0.6	-
(Accum Units)	5	108.6	108.6	115.5	-0.6	-
New Pacific	5	165.8	165.8	176.8	+0.1	1.96

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Nov 28	480.90	483.83	...	2.92
Gross Nov 28	179.53	180.47	...	10.78
High Yield Nov 28	279.39	281.62	...	7.81
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	50.11	51.18	-0.06	5.98
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1119.0	1207.0	...	-
Mngd Pens (Acc)	63.9	68.1	...	-
Lazard Brothers & Co. Ltd				
Property Sept 5	£2640.0	2680.0	...	6.00
Int Gilt Pro Apr 16	£1375.0	1460.0	...	7.20
Lazard Investors Ltd ‡				
Exempt Funds				
Small Co's Dec 4	£3945.9	4114.1	...	3.97
European Dec 4	£532.2	538	...	2.11
American Dec 4	£331.1	334.4	...	2.43
Japan Dec 4	£474.6	480.1	...	1.36
Pacific Dec 4	£134.5	138.1	...	2.01
W Midlands Sep 30	£147.60	164.90	...	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Nov 30	192.55	197.40	+0.20	7.94
Equity Nov 30	834.90	846.60	-62.00	4.13
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Dec 5		102.35xd	+0.5	10.54
(Accum Units)		603.75	+9.3	10.54
NAAGIF Dec 3		40.17xd	...	9.8
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Dec 3	120.4	129.9	...	2.09
UK Small Co † Dec 3	532.1	583.3	...	3.43

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4DJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	103.3	108.7	....	-
Pension Managed Fd	100.9	106.3	....	-
Life Deposit Fd	111.1	116.9	....	-
Pension Deposit Fd	117.9	124.1	....	-

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	162.5	171.1	...	-
UK Equity	167.5	176.4	...	-
Overseas Equity	131.4	138.4	...	-
Fixed Interest	155.2	163.4	...	-
Property	130.3	137.2	...	-
Index Linked	151.5	159.5	...	-
Deposit	164.7	173.4	...	-
With Profits (B)	134.7	141.9	...	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	339.9	357.8	-0.5	-
UK Equity	423.1	445.4	+1.0	-
Overseas Eq	323.9	341.0	-3.8	-
Americas	273.9	288.4	-3.1	-
Far East	347.3	365.6	-2.8	-
Property	194.3	204.6	+0.1	-
Fixed Int	273.2	287.6	+0.9	-
Indexed Gilt	161.4	169.9	+0.2	-
Deposit	188.3	198.3	....	-
With Profit	105.4	111.0	+0.1	-
Pension Fund (Accum Units)				
Managed	491.6	517.5	+0.4	-
UK Equity	573.7	603.9	+1.3	-
Overseas Eq	552.2	581.3	-1.3	-
Americas	347.7	366.1	-2.5	-
Far East	570.3	600.4	-3.5	-
Property	248.0	261.1	+0.1	-
Fixed Int	340.6	358.6	+1.5	-
Indexed Gilt	176.1	185.4	+0.1	-
Deposit	267.3	281.4	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1071.5	1090.6	....	-

Prices December 2 Next dealing January 2

Norwich Union Asset Management Ltd
PO Box 140, Norwich NR3 1PP 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	69.5	73.1	...	-
Stock Market Mngd Fund	68.3	71.9	...	-
Equity Fund	76.5	80.5	+0.2	-
International Fund	59.2	62.3	-0.4	-
European Fund	60.4	63.6	+0.2	-
North American Fund	65.6	69.1	-0.6	-
Pacific Fund	65.7	69.2	-0.2	-
Property Fund	77.3	81.4		-
Fixed Interest Fund	62.0	65.3	+0.3	-
Index linked Sec Fund	63.0	66.4	...	-
Deposit Fund	72.2	76.1	...	-
NUAM Retirement Plans				
Mixed Fund	77.0	81.0	-0.1	-
UK Ordinary Share Fd	88.6	93.3	+0.1	-
International Fund	63.5	66.8	-0.5	-
Property Fund	83.9	88.3	+0.1	-
Fixed Interest Fund	76.5	80.5	+0.5	-
Index Linked Sec Fund	67.6	71.1	...	-
Deposit Fund	86.7	91.2	...	-
NUAM (NRF)				
Managed Fund	979.6	1031.2	+0.5	-
Equity Fund	2088.9	2198.9	+5.2	-
International Fund	156.7	165.0	-0.9	-
Property Fund	491.1	517.0	+0.1	-
Fixed Interest Fund	466.2	490.8	+2.5	-
Index Linked Sec Fund	64.4	67.8	...	-
Deposit Fund	298.0	313.7	+0.1	-

Norwich Union Life Insurance Soc.
Surrey Street, Norwich NR1 3NG 0603 622200

	Bid Price	Offer Price	+ or -	Yield Gross
Unitised Life				
With Profits Fd	117.73	123.93	+0.03	-
Managed Fd	96.00	101.06	+0.02	-
UK Ord Share Fd	100.06	105.33	+0.18	-
International Fd	86.60	91.15	-0.51	-
European Fd	82.96	87.32	+0.29	-
North American Fd	92.36	97.22	-0.95	-
Pacific Fd	78.09	82.20	-0.60	-
Property Fd	90.70	95.47	+0.09	-
Fixed Int Fd	109.95	115.73	+0.60	-
Intl Bond Fd	110.07	115.86	-0.27	-
Deposit Fd	116.87	123.02	+0.02	-
Unitised Pensions				
With Profits Fd	160.03	168.45	+0.05	-
Managed Fd	154.99	163.15	-0.09	-
UK Equity Fd	163.88	172.50	+0.12	-
International Fd	150.73	158.67	-0.98	-
European Fd	134.48	141.55	+0.47	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc.	210.6	222.2	+0.2	-
UK Fixed Int Acc.	191.4	201.9	+1.5	-
Intl Equities Acc.	165.7	174.8	-1.6	-
UK Managed Acc.	166.4	175.5	-0.1	-
Property Acc.	224.5	236.9	....	-
Money Acc.	134.1	141.5	....	-
Special Market Acc.	141.4	149.2	-1.3	-
Japan Equity Acc.	94.7	99.9	-0.5	-
North American Acc.	95.5	100.8	-1.3	-
Pacific Acc.	90.5	95.5	-0.4	-
Technology Acc.	116.8	123.3	-2.1	-
Nat Resources Acc.	55.1	58.2	-0.1	-
European Acc.	95.8	101.1	-1.1	-
Residential Prop Acc.	90.6	95.6	....	-
Swiss Equities Acc.	31.5	33.3	-0.4	-
Hong Kong Acc.	68.2	72.0	+0.3	-
UK High Inc Eq Acc.	68.1	71.9	....	-
Int Fixed Interest Acc.	60.7	64.1	....	-
Int Managed Acc.	54.6	57.5	-0.4	-
HIP Managed Acc.	112.3	118.4	-0.7	-
HIP Managed II Acc.	97.6	102.9	-0.4	-
HIP Managed III Acc.	105.9	111.7	-0.2	-
Total Investment Fund				
UK Equity Initial		142.8	+0.2	-
UK Fixed Int Initial		129.9	+0.9	-
Intl Equities Initial		111.6	-1.1	-
UK Managed Initial		113.0	-0.1	-
Property Initial		193.5	....	-
Money Initial		91.5	....	-
Special Market Initial		109.4	-1.0	-
Japan Equity Initial		73.2	-0.4	-
North American Initial		73.9	-1.0	-
Pacific Initial		70.0	-0.3	-
Technology Initial		90.4	-1.6	-
Nat Resources Initial		42.6	-0.1	-
European Initial		85.6	-1.0	-
Residential Prop Init		86.2	....	-
Swiss Equities Initial		30.1	-0.3	-
Hong Kong Initial		65.0	+0.3	-
UK High Inc Eq Init		64.8	-0.1	-
Int Fixed Interest Init		58.5	-0.1	-
Int Managed Init		52.8	-0.3	-
HIP Managed Init		108.8	-0.7	-
HIP Managed II Initial		95.8	-0.4	-
HIP Managed III Init		105.1	-0.2	-
Broker Funds				
High Performance	71.9	75.8	-0.5	-

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

MANAGEMENT SERVICES

هكذا من الأصل

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	Bid Price	Offer Price	+ or -	Yield Gross
Baring International Fd Mngrs (Ireland) Ltd				
Australia	$16.16	16.97xd	-0.33	1.05
Japan Tech	$57.24	60.12	+0.17	-
Japan Fund	$24.37	25.59		0.17
Japan New Grwth Fd	$18.16	19.07	-0.02	-
Malay Sing	$53.91	56.61	+0.12	0.31
Nth American	$21.86	22.96	-0.18	0.58
Octopus Fund	$21.64	22.73xd	+0.16	0.88
Pacific Fd	$61.16	64.22xd	-0.08	-
International Bond	$17.07	17.93xd	+0.05	6.89
Europa Fund	$12.93	13.58xd	+0.03	-
British Strgth Fd	£0.86	0.91xd	-0.01	-
Trinsar Warrant	$11.04	11.60	+0.10	-
Hong Kong	$52.60	54.38xd	+0.48	3.09
Mngd Portfolio (Stlg)	£3.98	4.30	-0.03	-
Mngd Portfolio (Dlr)	$10.08	10.64	-0.01	-
Currency Fd-Sterling		£19.75	-	-
Currency Fd-US Dollar		$15.48	-	-
Curr Fd-Deutschemark		DM40.96	+0.01	-
Curr Fd-Managed $	$45.84	48.13	+0.16	-
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Serv Series*		$1.00	.....	4.63
Investment Series*		$1.00	.....	4.53

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Allied Dunbar Intl Fund Mgrs (1600)F						
Lord Street, Douglas, IoM 0624 661551						
ADI Managed(2)	5	[illegible]	0.5706	0.6076	[illegible]	1.95
ADI Mgd Currency(2)	5	[illegible]	0.4098	0.432	[illegible]	5.3

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB Trust Funds—Contd.						
UK Equity	5	137.74	137.74	149.07	-2.06	0.93
International Equity	5	111.52	111.52	118.68	-0.57	0.00
Far Eastern	5	86.58	86.58	92.98	-0.02	0.00
European	5	78.63	78.63	83.37	-0.21	0.00
Pan American	5	148.06	148.06	156.98	-0.66	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	98.20	98.20	101.48	+0.56	10.15
Monthly Share	3	96.06	96.06xd	99.24	+0.54	10.36

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£21.48		+0.01	9.5
US Dollar	$31.53		+0.01	3.6
Deutschemark	DM55.58		+0.01	7.9
Yen	Y4,063		+0001	5.0
Managed Multicurrency	£13.12	13.99	-0.04	-
Managed Multicurrency	$25.30	26.20	-	-
Bond Funds				
Sterling Bond	£0.407	0.425	+0.003	10.6
US Government Income	$99.42	102.96	-0.15	6.7
Asian Selection Funds				
Hong Kong	$13.101	13.791	+0.124	3.0
Indonesia	$7.599	7.999	+0.034	2.5
Korea	$9.667	10.176	-0.066	2.5
Malaysia	$9.526	10.027	+0.010	0.5
Philippines	$10.648	11.208	-0.019	2.5
Singapore	$11.386	11.985	-0.017	1.0
Thailand	$11.786	12.406	+0.203	2.5
South East Asia	$10.970	11.547	+0.104	3.0

GUERNSEY

LUXEMBOURG (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

December 6	US$	+ or −
Comcast Corp A	14⅞xd	−⅛
Commerce Cl Hse	17⅞	−⅛
Comm Satellite	32½	+½
Commonw Edison	42¼	+½
Compaq Computer	23⅝	+¼
Computer Ass Int	9	−¼
Computer Sciences	64¼	−½
Conagra	31¼xd	−⅛
Cons Edison	26¼	+¼
Cons Freightways	12¼	−¼
Cons Nat Gas	41⅝	+¼
Cons Paper	35	−⅛
Cons Rail	73¼xd	−½
Continental Air	0.56	−0.06
Conti Bank Corp	8⅞	....
Intl Flav & Fr	90⅞	−⅛
Intl Multifoods	25¼xd	+⅛
Intl Paper	64¾	−1⅛
Interpublic	49¾	−¼
InterTAN	22⅞	−⅛
James River Va	18¼xd	−½
Jefferson Pilot	55¼xd	+⅛
Johnson Controls	30⅝xd	....
Johnson & Johnson	103	+3
K Mart	40½	+⅛
Kellogg	110¾xd	−⅞
Petrie Stores	20⅝	
Pfizer	68⅞	
Phelps Dodge	65	
Philadel Elec	24	+¼
Philip Morris	68¼xd	+¼
Phillips Pet	22⅝	+¼
Phillips-Van Hsn	15½	+⅜
Pic'n'Save	22¾	+¼
Pinnacle West Cap	15⅝	....
Pioneer Hi Bred	66	+1¼
Pitney Bowes	59	+1
Pittston	16⅞	+⅛
Polaroid	26¼xd	+⅞
Policy Mgt Sys	58⅝	−⅛
Potlatch Corp	34¼	....
United Telecomms	22xd	−⅛
Unocal Corp	22¼xd	+⅛
Upjohn	38⅞	....
VF Corp	36xd	....
Valero Energy	28⅝	....
Varian Associates	37¼xd	+⅝
Varity Corp	14½	....
Vornado	25¼	−⅛
Vulcan Materials	35⅞	−½

CANADA (3:00 pm)

December 6	Can. $	+ or −
Stelco A	5⅞	+⅛
Teck Corp B	19½	−⅛
Thomson Corp	15⅜	+⅛
Toronto Dom Bk	17¾	....
Total Pet N Am	13⅝xd	+⅛
Transalta	13⅝xd	+⅛
Trans Can Pipe	17½	+⅛
Trimac	8½	....
Trizec A	10½	−⅛
United Dominion	10½xd	−⅝
Westcoast Energy	19⅝xd	−⅛
Weston (George)	37	....

INDICES

NEW YORK

DOW JONES	Dec 6	Dec 4	Dec 3	Dec 2	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2889.09	2911.67	2929.56	2935.38	3077.15 (18/10)	2470.30 (9/1)	3077.15 (18/10/91)	41.22 (2/7/32)
Home Bonds	97.72	97.63	97.65	97.43	97.92 (12/11)	91.30 (16/1)	97.92 (12/11/91)	54.99 (1/10/81)
Transport	1203.85	1219.36	1223.28	1199.36	1287.56 (18/10)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.77	219.70	220.64	221.64	221.64 (2/12)	195.17 (18/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2923.75 (2945.66) Low 2874.78 (2892.22)

STANDARD AND POOR'S

	Dec 6	Dec 4	Dec 3	Dec 2	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	377.39	380.07	380.96	381.40	397.41 (13/11)	311.49 (9/1)	397.41 (13/11/91)	4.40 (1/6/32)
Industrials	444.90	447.83	449.02	449.84	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	29.90	30.30	30.41	30.34	32.54 (13/11)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	208.96	210.13	210.55	210.65	219.37 (13/11)	170.97 (9/1)	219.37 (13/11/91)	4.46 (25/4/42)
Amex Mkt. Value	371.80	372.32	372.45	371.89	392.37 (12/11)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	534.03	535.28	533.34	530.91	556.17 (13/11)	355.75 (14/1)	556.17 (13/11/91)	54.87 (31/10/72)

	Nov 28	Nov 22	Nov 15	year ago (approx.)
Dow Industrial Div. Yield	3.15	3.15	3.10	4.01

	Dec 4	Nov 27	Nov 20	year ago (approx.)
S & P Industrial div. yield	2.80	2.82	2.80	3.42
S & P Indl. P/E ratio	22.98	22.78	22.79	15.37

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Nabisco	4,729,900	10½	+ ⅝
Boeing	2,848,300	42⅛	+ ¾
Upjohn	2,385,300	38⅞	- 1⅛
Glaxo	2,024,200	29⅞	+ ¼
AT & T	1,958,300	37	+ ⅞
West Elect	1,905,500	15⅛	- ⅜
IBM	1,892,800	90¼	+ ⅜
Wal-Mart	1,873,600	50⅞	+ ⅝
Gen Elect	1,840,700	62⅞	- 1⅛
Cons Store	1,752,400	10¼	- ¼

TRADING ACTIVITY

† Volume (Millions)	Dec 5	Dec 4	Dec 3
New York SE	166.501	187.934	188.077
Amex	21,702	13,806	11,444
NASDAQ	170.632	167.288	166.380
NYSE			
Issues Traded	2,175	2,142	2,160
Rises	604	759	825
Falls	1,030	842	834
Unchanged	541	541	501
New Highs	50	46	62
New Lows	62	43	31

CANADA

TORONTO	Dec 6	Dec 4	Dec 3	Dec 2	1991 HIGH	1991 LOW
Metals & Minerals	2781.30	2805.31	2834.08	2851.27	3299.99 (18/7)	2632.06 (9/1)
Composite	3426.63	3427.47	3453.41	3456.38	3604.09 (12/11)	3161.95 (15/1)
MONTREAL Portfolio	1815.84	1811.57	1825.15	1819.91	1907.35 (12/11)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec 6	Dec 5	Dec 4	Dec 3	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1583.8	1608.2	1614.8	1607.9	1696.3 (8/11)	1204.5 (16/1)
All Mining (1/1/80)	627.9	641.7	646.0	641.5	787.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	396.43	400.38	404.29	403.54	534.81 (16/4)	385.58 (4/11)
BELGIUM						
BEL20 (1/1/91)	1066.14	1069.46	1077.60	1067.44	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	350.49	351.24	351.85	352.04	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	(c)	803.8	812.0	821.2	1186.9 (8/4)	803.8 (5/12)
FRANCE						
CAC General (31/12/82)	467.01	467.46	472.91	470.84	583.51 (15/11)	394.88 (15/1)
CAC 40 (31/12/87)	1685.72	1703.23	1713.93	1722.21	1887.29 (1/10)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	638.02	636.10	641.47	635.07	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1801.80	1795.80	1812.30	1793.40	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1558.18	1553.42	1560.96	1546.84	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4190.04	4157.15	4161.59	4124.38	4271.34 (15/11)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1337.99	1342.39	1356.08	1350.69	1520.66 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	494.63	502.89	509.01	513.28	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22445.06	22459.17	22669.44	22166.83	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1786.15	1714.87	1738.47	1708.59	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2498.02	2496.33	2498.50	2496.92	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	530.33	529.32	529.41	528.38	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	269.5	271.6	273.1	272.5	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	189.3	190.8	191.8	191.4	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	634.62	623.72	620.94	598.72	793.53 (26/8)	595.77 (2/12)
PHILIPPINES						
Manila Comp (2/1/85)	1102.45	1115.57	1104.29	1104.91	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	389.31	389.69	390.42	390.19	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1239.0	1219.0	1225.0	1216.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4158.0	4158.0	4164.0	4173.0	4364.0 (13/11)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	635.17	621.04	631.95	643.93	763.10 (6/8)	598.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	(c)	244.68	245.75	244.12	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	926.40	918.00	929.10	932.60	1149.6 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	710.8	714.8	720.4	714.7	769.3 (14/11)	590.4 (14/1)
SBC General (1/4/87)	580.1	583.7	588.3	584.6	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4378.13	4340.09	4378.15	4343.24	6365.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	687.39	(c)	670.67	663.75	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	500.9*	500.6	502.9	501.8	529.2 (17/4)	439.1 (16/1)

**Saturday November 30: Taiwan Weighted Price: 4378.50; Korea Comp Ex. 652.11. *Calculated at 15.00 GMT. ‡ Subject to official recalculation. Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Signs of Fed easing breathe life into equities

Wall Street

US SHARES moved broadly higher yesterday morning, after a weak opening, on signs that the Federal Reserve had eased monetary policy, *writes Karen Zagor in New York.*

At 1.30pm, the Dow Jones Industrial Average was 25.49 higher at 2,914.58 on volume of 143m shares. Advancing issues led those declining by a ratio of three to one on the big board. The advance was widespread among market indices, *with the Standard & Poor's 500* adding 4.50 to 381.89 at 1.30 pm and the Nasdaq composite up 3.39 at 537.42 at midsession. On Thursday, the Dow closed 22.58 lower at 2,889.09.

The November employment figures initially drove the US market lower yesterday morning. The 241,000 decline in non-farm payrolls was considerably sharper than the 40,000 the market had expected, although unchanged unemployment of 6.8 per cent was in line with *expectations.*

The Dow tumbled about 20 points within minutes of the market's opening but started to recover as program buying kicked in and gained further strength on signs that the Federal *Reserve had eased* monetary policy.

The Fed sent a clear sign to the market that it had lowered its perceived target for Fed Funds to 4.5 per cent from 4.75 per cent when it entered the open market to arrange $3bn in customer repurchase agreements.

In the bond market, the Treasury's benchmark 30-year bond climbed 1 1/16 to 103 31/32, yielding 7.75 per cent. Although the market had already factored in a 25 basis point reduction in Fed Funds, the weaker-than-expected employment data triggered speculation that the target for Fed Funds might drop to 4.25 per cent before long.

Among featured issues, News Corp edged $⅞ lower to $21⅝ after the company's shareholders approved a plan to issue up to 65m new shares and notes convertible into 18.3m more shares.

Blue chip issues dominated big board trading. General Electric climbed $2⅞ to $64⅞, PepsiCo rose $⅞ to $30⅞ and Philip Morris added $⅝ to $68⅝.

IBM slid $⅝ to $90. The issue has lost about $7 since late last week.

In over-the-counter trading, Amgen gained $1¾ to $81½ on news of favourable rulings by the US patent office involving disputes over several patents related to its EPO anti-anaemia drug.

Synergen climbed $3¼ to $54¼ after the company received Food & Drug Administration approval to start testing its Antril drug for use in three new indications, including the treatment of asthma.

Canada

TORONTO stocks rallied at midday, aided by news of a fall in the US Federal fund rate. The composite index climbed 9.57 to 3,436.20 on 12.4m shares. Declines led advances by 169 to 117.

A C$1.40 rise in Comex gold *futures to C$371.40 an ounce* drove up gold stocks, with American Barrick jumping C$⅝ to C$29⅝ and Lac Minerals C$⅛ to C$9⅝.

Canadian Imperial Bank of Commerce fell C$⅝ to C$32⅝. The bank said Mr R. Donald Fullerton would retire as chairman and chief executive officer in mid-1992 and a successor would be chosen next year.

SOUTH AFRICA

JOHANNESBURG was lifted by the gold sector and a weaker financial rand. The all-gold index rose 20 to 1,239 while the industrial index was steady at 4,158. The all-share index added 9 to 3,494. Vaal Reefs rose R5 to R213.

Pirelli affair puts cap on one of Milan's worst years

It has also cast a spotlight on Italy's more controversial stock market practices, says **Haig Simonian**

THE SLIDE in Pirelli shares has dominated the Milan bourse this week. With the tyre company's *share price hovering just above* its par value, it will be some time before the reverberations from Italy's most spectacular cross-border takeover failure fade away.

Now that the stock market *has overcome the immediate* shock of last week's bombshell that Pirelli expects to lose L670bn ($550.1m) this year – as a result of its unsuccessful bid for Continental, its bigger German rival, continuing trading difficulties and restructuring costs – attention has turned to what went wrong.

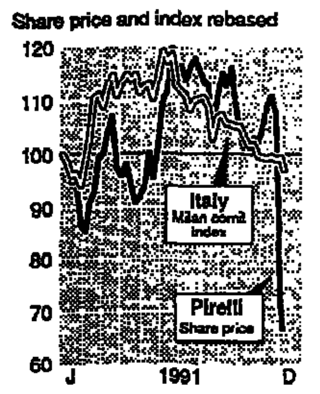
None of the parties involved in the deal, Italian or German, emerge with much credit. Misunderstandings and cultural differences played a major part. But Pirelli's faith in its German partners and its indemnities to its Italian allies have left it by far the most embarrassed.

The immediate consequence has been a severe slide in the price of Pirelli SpA, the most widely-followed of the group's quoted vehicles. From L1,710 on November 29, the shares had plunged 34 per cent to L1,130 by the close yesterday.

The slide in Pirelli's share *price even before its* announcement that talks with Continental were over has triggered rumours of insider trading. Consob, the stock market and companies watchdog, will not comment whether it is investi*gating, as that in itself is privi*leged information. However, many brokers believe that insider selling took place, perhaps from the pool of allies that Pirelli had assembled to support the Continental bid, *and that an enquiry is now in* full swing.

In the longer term, the bid is likely to claim some casualties. Mr Leopoldo Pirelli, the group's chairman, has accepted responsibility, but has emphasised his commitment to remain at the helm in such troubled times. But few expect Mr Pirelli to remain in his post beyond next summer's annual general meeting. Mr Marco Tronchetti Provera, a significant shareholder in the group, and appointed finance director earlier this year, is the obvious successor.

Share price and index rebased



Source: Datastream

The Pirelli fiasco puts the spotlight on some of the more controversial aspects of Italian stock market practice – shareholding pacts and "cascade" companies, in particular. The structure of the Continental bid, which was forced on Pirelli by the German group's restrictions on shareholders' voting rights, was a classic example of the tight accords between shareholders which play a dominant role on the Milan bourse.

Only a handful of quoted companies are truly "public" in the sense of having a widespread shareholder base. Among the rest, founding families, pacts, or, *in the case of the* quoted state-run groups, the Italian government itself, call the shots.

Even Generali, the best example of a truly "public" company in Italy, has run into *trouble in the wake of its* L1,750bn capital increase. Many analysts have criticised the transaction devised by Mediobanca, the Milan merchant bank, as intended more to cement control of the group *in a few hands, led by Medio*banca, than serve the interests of smaller shareholders.

"Cascade" companies, which can exert control over a large group at a relatively low cost, are the second controversial characteristic. Few better examples exist than Pirelli itself, where the founding family owns just a small percentage of the group but still controls its fortunes through a pact with other big shareholders.

The Milan bourse is one of Europe's poorest performers this year. The Comit index has fallen 4.3 per cent in 1991 to date, compared with a rise of 8.7 per cent in the FT-A Europe ex-UK index. A string of broker *bankruptcies in the past three* months, resulting in the postponement of settlement on two separate occasions, has left Milan shorter of friends than ever before.

Although criticism has come *predominantly from outside* Italy, there has been no lack of domestic displeasure. One small shareholders' association has called for an investigation into the Pirelli scandal and a revision of bourse rules. "This *just caps what has been the* worst year for the Milan bourse that I can ever remember," says a long-serving local banker.

After a brief mid-week respite, the weakness in Pirelli shares spread through the market on Friday. The slide in the share price of Pirelli SpA has brought it even closer to the L1,000 par value at which the group intends to launch its rights issue of up to L526bn. "With the shares falling steadily to the rights price, no one sees any point in buying them now," says one analyst.

The odium surrounding the bourse has spurred fund managers either to desert Italian stocks entirely, or at least to avoid what they see as the weakest links in the chain. Such lack of confidence explains this week's heavy selling of Olivetti, despite the return of Mr Carlo De Benedetti to full-time management *and the announcement of a* major restructuring plan intended to save L400bn a year.

Mr De Benedetti is familiar abroad, and his return to the group which he bought as a struggling typewriter manufac*turer and developed into* one of Europe's leading computer and office equipment producers has a significant symbolic value, especially in Italy.

But it will take much more than that to win back investors' confidence, given the current mood on the bourse and abroad. Even the inauguration next month of the SIMs, the country's new breed of broking, fund management and underwriting operations, is regarded with increasing scepticism by scandal-weary investors.

EUROPE

Paris sinks to lowest level since Gulf War on US data

US JOB data disappointed Paris, which sank to a nine-month low yesterday. Madrid and Helsinki were closed, *writes Our Markets Staff.*

PARIS was depressed by the US employment figures, and fell to its lowest level since the Gulf War. The CAC 40 index lost 17.51 or 1 per cent to 1,685.72, its lowest close since February 20. The index lost 3.1 per cent on the week. Turnover was moderate at about FFr2.2bn, up from FFr2.1bn.

Selling was widespread, with financial stocks and blue chips registering some of the worst losses. Paribas dropped FFr14.50 or 4 per cent to *FFr335.50, Elf Aquitaine fell* FFr13.50 to FFr368.10 in heavy volume of 427,628 shares, Total lost FFr16 to FFr988 and Alcatel Alsthom shed FFr6 to FFr535 in 481,220 shares.

UIS, the commercial property company taken over in September by Gan, bucked the trend as it gained FFr40 or 5.3 per cent to FFr800 in 100,625 shares.

STOCKHOLM bounced back from Thursday's losses, lifted by demand for Astra, the pharmaceutical company. The Affärsvärlden General index rose 8.4 to 926.4, but ended the week 3 per cent lower. Turnover was heavy, rising from SKr299m to SKr711m – a total inflated by internal deals in Bahco, which is being acquired by Industrivarden.

Astra's free B shares rose SKr35 or 7 per cent to SKr535, after Thursday's news of the company's joint venture agreement with Merck of the US. Analysts welcomed the deal, *whereby Astra could take 50* per cent of the joint venture by the end of 1993.

Mr Mark Tracey of Paribas said the price Astra would pay to take up its option looked cheap, and that the venture provided substantial growth prospects for the mid-1990s. He set a target share price of SKr710 for the end of 1992.

FRANKFURT stood out with its stability yesterday, the DAX index closing 4.76 higher at 1,558.18 after a 1.92 rise to 638.02 in the FAZ at midsession. Index declines were a token 0.5 and 0.7 per cent respectively on a week marked by the Bundesbank's decision to keep key interest rates unchanged, by renewed and serious concern over Soviet debt – and by good results from Deutsche Bank.

Deutsche Bank rose 20 pfg on the day to DM654.70. Mr David Roche of Morgan Stanley said that, although Soviet debt was not going to be serviced in the near future, the flight to quality among European banks made Germany's biggest bank a prime investment target.

In retailing, Asko fell another DM9 to DM679 on restructuring provisions at its Swiss associate, the Adia employment agency group. Asko has fallen from DM805 on November 26. On the upgrade, Klöckner-Werke rose DM5.20 to DM109 in steels, and Siemens by DM6.20 to DM613.70 among the blue chips. Volume fell from DM3.6bn to DM3.3bn.

ZURICH fell 0.4 per cent on the day and 2.6 per cent on the week, the Crédit Suisse index closing at 445.6, down 1.7.

Adia, down from a high of SFr1,002 this year, bounced on the restructuring news but shed some of its early gains to close SFr2 higher at SFr405. Mövenpick, the restaurant chain in which the majority owner, Mr Uli Prager, said on Thursday that he planned to sell his stake, continued to rise and closed SFr400 higher at SFr4,450.

OSLO rebounded above the 400 level on the all-share index, which closed 7.35 or 1.9 per cent higher at 400.80, up 1.3 per cent on the week. The index reached a low this week of 373.35, its worst level since early 1989. Turnover was NKr477m.

The industry index, including oil stocks, rose 10.90 to 634.92. Kvaerner A free shares added NKr11 to NKr200.

UNI-Storebrand leapt NKr4 or 10.4 per cent to NKr42.4 after its recent weakness on fears of a big loss from its investment in Skandia.

AMSTERDAM fell on the decline of the dollar but closed above the day's weakest level. The CBS Tendency index eased 0.1 to 88.0, down 0.7 per cent on the week, in modest turnover of Fl 510.3m.

KLM, the national airline advanced 50 cents or 1.3 per cent to Fl 38.10 on a report in a Dutch newspaper that KLM and British Airways had reached agreement in principle to form a joint holding company in which each airline would have equal voting rights.

BRUSSELS trailed the early losses on Wall Street. The Bel20 index ended 3.32 lower at 1,066.14, little changed on the week. Société Générale de Belgique was down BFr35 or 1.9 per cent at BFr1,820 in volume of 21,850 shares.

FT-SE Eurotrack 100 - Dec 6

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1045.73	1045.99	1046.49	1046.41	1046.57	1041.76	1046.57	1041.38

Day's High 1048.04 — Day's Low 1038.58

Dec 5	Dec 4	Dec 3	Dec 2	Nov 29
1050.13	1058.20	1056.25	1047.98	1062.86

Base value 1000 (26/10/90)

ASIA PACIFIC

Japan steady as Kerin news hits Australia

Tokyo

CONFLICTING influences had little impact yesterday, leaving share prices marginally lower after trading in an extremely narrow range, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 14.11 lower, 1.1 per cent down on the week, at 22,445.06. Arbitrage-related buying took it to a day's high of 22,494.90 in the morning, but it fell to 22,336.17 in the afternoon as futures prices lost ground.

Volume remained subdued at 200m shares. Declines led gains by 517 to 384 with 199 unchanged. The Topix index of *all first section shares fell* 8.72 to 1,706.15 and, in London, the ISE/Nikkei 50 index fell 4.29 to 1,270.00.

Sentiment failed to react to the fall in short-term interest rates and a rally in the bond market. The rates on three month certificates of deposit fell to a new low for the year at 6.10 per cent, while the yield on the No. 129 10 year benchmark bond fell to 5.64 per cent from 5.7 per cent.

Mr Craig Chudler, strategist at *UBS Phillips & Drew, said* that domestic institutional investors were already highly weighted in equities and could not aggressively increase their exposure. "Prospects of lower interest rates will prompt investors to increase bond investments," he added.

Investment trusts, which account for 15 per cent of total equity trading, held 50.8 per cent of their assets in equities in October, against 16.3 per cent in bonds.

High-technology stocks continued to lose ground on small-lot profit taking. *Hitachi lost* Y10 to Y925.

Daiei, a leading supermarket chain, rose Y30 to Y1,150. The company announced a friendly takeover *bid* for Chujitsuya, a small retailing chain. Daiei currently holds 33.9 per cent of Chujitsuya's issued stock as collateral for loans made to Shuwa, a real estate investment company.

Bridgestone, the tyremaker, added Y10 to Y1,120 despite the failure of a convertible bond placing this week. Some Y1.6bn worth of bonds were unsold.

In Osaka, the OSE average fell 65.65 to 24,244.04, losing ground for the first time in *four trading days. Volume* remained low at 14.4m shares. Activity was led by dealers profit taking in high-technology and pharmaceutical stocks.

Roundup

POLITICAL CHANGE undermined Australia yesterday, as other markets finished mixed.

AUSTRALIA fell after Mr John Kerin lost his government post of treasurer. Thursday's news of a fall in gross domestic product in the September quarter also depressed the market. The All Ordinaries index fell 24.4 to 1,583.8, for a loss on the week of 1.4 per cent. Turnover eased to A$201m from A$214m.

BHP dropped 34 cents to A$13.42 after falling 18 cents on Thursday on weak commodity prices. News Corp shed 32 cents to A$14.12. The media group's shareholders approved plans to issue new shares.

HONG KONG recovered from early weakness on hopes of an interest rate cut. The Hang Seng index added 32.89 to 4,190.04, a rise on the week of 1 per cent, as turnover picked up to HK$1.21bn from HK$933m.

SEOUL enjoyed a technical *bounce, supported by rumours* of market-boosting measures. The composite index gained 14.13 to 635.17, but ended the week 2.7 per cent down. Turnover grew to Won199bn.

BANGKOK rose after the king's message urging compromise over the new constitution. The SET index added 17.32 to 687.39 in turnover of Bt4.44bn. **TAIWAN** was led higher by small-capitalised shares. The weighted index added 59.79 or 1.4 per cent to 4,399.88, little changed on the week. Turnover rose to T$17.9bn from T$13.5bn.

MANILA fell on profit-taking in Philippine Long Distance Telephone shares. The composite index slid 13.12 to 1,102.45, up 1.3 per cent on the week. Turnover rose to 102m pesos from 83m. PLDT shares, which have jumped more than 50 per cent in recent months, fell 12.50 pesos to 785 pesos.

NEW ZEALAND eased on foreign selling. The NZSE-40 index shed 13.99 to 1,445.04, a fall of 2.1 per cent on the week. Turnover eased to NZ$24m from NZ$33m. **SINGAPORE's** Straits Times Industrial index lost 6.80 to 1,430.55, down 1.6 per cent on the week. Turnover rose to S$60m from S$53m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 5 1991								WEDNESDAY DECEMBER 4 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	151.20	−0.9	124.99	123.01	124.91	128.62	−0.4	4.53	152.62	127.59	124.94	128.07	129.15	160.31	112.74	121.41
Austria (20)	166.84	−0.2	137.91	135.73	137.83	138.50	−0.7	2.08	167.16	139.74	136.84	140.27	139.48	222.37	153.86	203.98
Belgium (47)	134.21	+1.0	110.94	109.17	110.87	108.39	−0.4	5.46	132.90	111.10	108.78	111.51	108.81	151.20	118.04	138.53
Canada (115)	135.76	−0.3	112.23	110.44	112.15	111.77	−0.1	3.34	136.17	113.84	111.46	114.26	111.92	144.28	126.49	129.00
Denmark (37)	254.57	+0.9	210.44	207.10	210.30	215.35	−0.1	1.66	252.31	210.92	206.54	211.71	215.59	270.56	217.74	239.39
Finland (15)	75.99	+0.2	62.82	61.82	62.78	69.06	−0.2	3.53	75.80	63.37	62.06	63.61	69.19	125.15	75.80	107.37
France (109)	138.79	+0.9	114.73	112.91	114.65	118.22	−0.7	3.75	137.52	114.97	112.57	115.39	119.08	152.26	119.11	144.72
Germany (65)	110.79	+0.7	91.58	90.14	91.52	91.52	−0.9	2.52	110.05	92.00	90.10	92.35	92.35	125.35	94.15	120.08
Hong Kong (55)	170.32	−0.3	140.79	138.56	140.71	170.25	−0.1	4.36	170.91	142.88	139.91	143.42	170.42	176.14	119.62	126.62
Ireland (18)	155.53	+0.4	128.57	126.53	128.48	130.72	−1.2	3.84	154.85	129.45	126.76	129.94	132.24	182.46	132.88	150.76
Italy (77)	71.30	+0.5	58.94	58.00	58.90	63.97	−1.0	3.62	70.94	59.30	58.07	59.52	64.64	88.23	64.76	82.23
Japan (474)	131.50	−0.3	108.70	106.98	108.65	106.98	−0.9	0.80	131.93	110.29	108.00	110.72	108.00	146.97	118.23	122.37
Malaysia (68)	202.94	+0.0	167.76	165.10	167.65	214.71	−0.1	2.90	202.91	169.63	166.09	170.26	214.83	247.78	189.18	199.14
Mexico (17)	1332.75	+0.3	1101.71	1084.24	1101.01	4431.22	+0.3	1.16	1328.47	1110.56	1087.48	1114.74	4417.00	1404.63	534.45	601.83
Netherland (31)	145.01	+1.1	119.87	117.97	119.80	118.47	−0.6	4.56	143.38	119.86	117.37	120.31	119.13	148.25	125.70	135.70
New Zealand (14)	46.68	−0.9	38.58	37.97	38.56	44.12	−0.7	6.23	47.08	39.36	38.54	39.51	44.44	54.64	41.18	45.91
Norway (30)	165.34	+1.3	136.68	134.51	136.59	140.99	+0.1	1.83	163.26	136.48	133.64	137.00	140.88	223.24	157.08	217.03
Singapore (38)	205.42	+0.2	169.81	167.11	169.70	156.85	+0.1	2.28	204.94	171.33	167.77	171.97	156.68	213.93	151.63	158.56
South Africa (61)	259.30	−1.9	214.35	210.95	214.21	176.30	−0.2	2.79	264.29	220.94	216.34	221.77	176.66	271.99	173.00	179.01
Spain (53)	147.05	+0.7	121.56	119.63	121.48	113.69	−0.3	4.86	145.97	122.03	119.50	122.49	114.07	171.12	131.51	147.68
Sweden (25)	167.58	+0.7	138.53	136.34	138.45	144.39	−1.0	3.09	166.49	139.18	136.29	139.71	145.91	204.12	146.80	172.82
Switzerland (59)	94.35	+0.7	77.99	76.76	77.95	82.33	−0.9	2.46	93.73	78.36	76.73	78.66	83.04	100.67	82.17	93.33
United Kingdom (239)	172.21	+0.3	142.36	140.08	142.25	142.36	−0.8	5.26	171.62	143.47	140.47	144.00	143.47	187.44	156.27	169.06
USA (526)	153.84	−0.8	127.17	125.16	127.10	153.84	−0.6	3.16	154.82	129.43	126.74	129.92	154.82	161.59	125.95	132.92
Europe (825)	138.03	+0.6	114.11	112.30	114.04	114.80	−0.8	4.21	137.22	114.71	112.33	115.15	115.66	151.52	125.50	140.43
Nordic (107)	172.64	+0.8	142.71	140.45	142.62	142.17	−0.4	2.28	171.22	143.13	140.16	143.67	142.81	200.81	155.55	177.02
Pacific Basin (718)	132.89	−0.3	109.85	108.11	109.78	109.21	−0.9	1.14	133.35	111.48	109.16	111.90	110.17	145.92	117.86	122.15
Euro−Pacific (1543)	135.27	+0.0	111.82	110.04	111.74	112.20	−0.8	2.39	135.22	113.04	110.68	113.46	113.13	147.66	121.29	129.94
North America (641)	152.65	−0.6	126.18	124.20	126.13	151.00	−0.6	3.17	153.60	128.40	125.75	128.91	151.92	160.44	125.91	132.58
Europe Ex. UK (586)	117.47	+0.8	97.11	95.59	97.07	98.90	−0.7	3.44	116.57	97.45	95.44	97.84	99.63	129.80	103.58	122.65
Pacific Ex. Japan (244)	146.61	−0.5	121.19	119.29	121.13	130.20	−0.2	4.17	147.39	123.21	120.67	123.69	130.51	153.19	111.40	118.90
World Ex. US (1736)	137.36	+0.0	113.55	111.75	113.48	113.94	−0.8	2.42	137.38	114.85	112.47	115.28	114.83	148.16	122.32	130.66
World Ex. UK (2023)	138.99	−0.3	114.90	113.08	114.84	124.78	−0.7	2.39	139.43	116.56	114.14	117.01	125.68	146.16	120.06	126.63
World Ex. So. Af. (2201)	141.10	−0.2	116.64	114.80	116.58	126.02	−0.7	2.69	141.41	118.22	115.77	118.67	126.95	148.66	122.92	130.10
World Ex. Japan (1788)	148.74	−0.2	122.96	121.02	122.90	137.21	−0.6	3.57	149.05	124.60	122.02	125.09	136.07	155.59	126.69	135.86
The World Index (2262)	141.89	−0.2	117.29	115.44	117.23	126.47	−0.7	2.69	142.24	118.91	116.44	119.36	127.39	149.37	123.28	130.40

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Treas 8pc 1991		99 13/16xd	—	99 13/16	96 7/16	8.02	—
12¾pc 1992‡‡		100 7/8	—	101 1/2	100 3/8	12.73	10.49
10pc 1992		99 1/4	—	100 1/8	97 3/4	10.02	10.27
2pc IL 1992‡‡		134 1/8	+⅛	134 3/8	125 7/8	1.97	8.33
8pc 1992 ‡‡		99 1/4	+⅛	99 1/4	95 1/4	8.07	10.28
10½pc Cv 1992‡‡		100 1/4	—	100 1/2	98 1/2	10.49	10.28
3pc 1992		97 5/8		97 5/8	91 5/8	3.08	8.53
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
15½pc '98‡‡		126 3/4	+⅛	128 7/8	121 3/4	12.23	10.00
Exch 12pc 1998		110 1/4	+⅛	111 1/2	104 3/8	10.88	9.92
Treas 9½pc 1999‡‡		99 7/8	+⅛	100 1/2	92 1/2	9.58	9.85
Exch 12¼pc 1999		111 1/2	+⅛	113 1/2	105 1/2	10.98	9.93
Treas 10½pc 1999		103 5/8	+⅛	104 1/2	97 3/4	10.13	9.82
Conversion 10¼pc 1999		102 5/8	+⅛	103 5/8	95 1/2	10.01	9.82
9pc 2000‡‡		96	+⅛	97	89	9.32	9.92
Treas 13pc 2000		117	+⅛	118 1/2	110 1/2	11.11	9.97
[illegible]							

Undated	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
Consols 4pc		40 1/2	+⅛	41 1/4	37 1/2	9.80	—
War Loan 3½pc‡‡		36 5/8	+⅛	37 3/8	33 3/8	9.56	—
Conv 3½pc '61 Aft		60	+⅛	60 1/2	57 1/2	5.83	—
Treas 3pc '66 Aft		30 1/2xd	+⅛	30 1/2	28 1/4	9.86	—
Consols 2½pc		25 5/8	+⅛	25 7/8	23 5/8	9.76	—
Treas. 2½pc		25 3/8	+⅛	25 7/8	23 1/2	9.85	—

BRITISH FUNDS - Cont.

Index–Linked	Notes	Price £	+ or -	1991 high	1991 low	Yield (1)	Yield (2)
Treas. 2pc '94	(102.9)	122 1/2	—	123 3/4	115 1/4	2.73	3.76
2pc '96	(67.9)	177 1/8	—	177 7/8	168 1/2	3.47	4.01
2½pc '01	(78.3)	144 1/4	−⅛	145 3/4	137 1/2	3.99	4.29
2½pc '03	(78.8)	139 7/8	−⅛	141 1/4	133	4.08	4.32
2pc '06	(69.5)	141 1/2	−⅛	143	135	4.14	4.34
2½pc '09	(78.8)	129 1/4	−⅛	131 1/4	124 1/4	4.16	4.35
2½pc '11	(74.6)	133 1/2	−⅛	135 1/4	128 1/4	4.17	4.34
[illegible]							

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991 high	1991 low	Yield Int.	Yield Red.
[illegible]							
Asian Dev 10¼pc 2009		106 3/4	+⅛	102 5/8	91 7/8	10.33	10.15
Btham 11½pc 2012		104 1/4	+⅛	104 1/2	100 1/2	11.33	10.96
Ireland Cap 8½pc '10		95 1/2	—	97 1/4	88 1/2	8.98	—
9pc Cap 1996		98	—	99	93	9.17	—
13pc '97–02		113 1/2	—	115	109 1/2	11.35	—
GLC 6¾pc 1990–92		99	+⅛	99	93 1/2	6.82	11.40
Hydro Quebec 15pc 2011		139	+⅛	139	120	15.0	11.08
Int-Am Dev 12½pc 2003		114	+⅛	116	105	11.09	10.28
9¾pc 2015		95	+⅛	97	86	10.37	10.22
Leeds 13½pc 2006		117 1/4	+⅛	119 1/2	110 1/2	11.60	11.13
Liverpool 3½pc Irred		30 1/4	—	31	28	11.67	—
LCC 3pc '20 Aft		27 1/4	—	27 1/2	26	11.11	—
Manchester 11½pc 2007		104	+½	105 1/2	97 1/2	11.27	10.95
Met. Wtr. 3pc 'B'		53	+½	63	52	5.77	9.93
N'wide Anglia 3⅞pc 2021		108	−⅛	108 1/4	102	—	5.41
4⅛pc IL 2024		105 1/4	—	107 1/4	104	—	5.14
Sth Rhod 87–92 Asstd		98 1/2	—	98 1/2	84 1/2	4.82	—
Utd Mex States 16½pc 2008		122 1/2	−1	125	101	13.33	13.14

EDUCATION

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	33xd	$-\frac{5}{8}$	$34\frac{5}{8}$	$20\frac{7}{8}$	14,875	1.7
♥Allegheny & W.	288p	—	395p	218p	139.3	6.3
Amdahl	710pxd	+6	$10\frac{1}{8}$	687p	793.3	0.8
Amer Cyanamid	$31\frac{1}{4}$	$+\frac{1}{4}$	$42\frac{1}{2}$	$25\frac{1}{8}$	2,924	2.7
Amer Express	$10\frac{7}{8}$xd	[illegible]	$17\frac{7}{8}$	$9\frac{11}{16}$	4,875	5.5
Amer T & T	$20\frac{5}{8}$xd	$+\frac{1}{8}$	$24\frac{1}{2}$	$15\frac{3}{4}$	26,940	3.6
Ameritech	$34\frac{1}{2}$	$-\frac{1}{4}$	$38\frac{7}{8}$	$32\frac{1}{2}$	16,105	5.5
BankAmerica	$17\frac{3}{4}$xd	[illegible]	[illegible]	$12\frac{3}{16}$	3,858	3.8
Bankers NY	$34\frac{3}{8}$xd	$-\frac{5}{8}$	[illegible]	[illegible]	2,887	8.0
Bell Atlantic	$24\frac{7}{8}$xd	$-\frac{1}{2}$	$30\frac{1}{2}$	$24\frac{1}{4}$	9,782	5.7
BellSouth	$25\frac{1}{4}$	$-\frac{3}{4}$	$31\frac{1}{4}$	25	12,489	6.0
♥Bethlehem Steel	$6\frac{3}{4}$xd	$-\frac{1}{4}$	$11\frac{1}{4}$	[illegible]	614.1	3.3
Bowater	1078p	-75	[illegible]	1048p	387.2	6.3
CPC	$47\frac{1}{8}$xd	—	[illegible]	[illegible]	3,582	2.4
California Engy	825p	—	880p	420p	168.2	—
Campbell Soup	$44\frac{1}{4}$xd	[illegible]	50	$28\frac{1}{4}$	5,563	1.9
Chase Manhattan	$8\frac{1}{4}$	$-\frac{1}{4}$	$12\frac{3}{4}$	[illegible]	1,110	6.4
Chrysler	$6\frac{1}{2}$xd	—	[illegible]	$5\frac{1}{2}$	1,863	5.2
Citicorp	$5\frac{3}{4}$xd	—	[illegible]	[illegible]	1,976	—
Colgate-Palm	24xd	[illegible]	$28\frac{5}{8}$	[illegible]	3,448	2.5
Cont'l Bank	486p	-6	920p	438p	470.5	7.2
Dana	14xd	[illegible]	$21\frac{5}{8}$	[illegible]	675.5	6.4
Data General	821p	-23	1262p	203p	226.5	—
Dial	$23\frac{1}{2}$xd	$-\frac{1}{2}$	[illegible]	$12\frac{7}{8}$	929.3	3.3
Dun & Brad	$27\frac{3}{8}$	[illegible]	[illegible]	[illegible]	4,887	4.4
Eaton	$31\frac{3}{4}$	$-1\frac{1}{4}$	40	$24\frac{1}{4}$	1,081	3.9
Echlin	$6\frac{1}{8}$xd	$+\frac{1}{8}$	$9\frac{1}{2}$	$5\frac{1}{2}$	343.7	6.4
FPL	$19\frac{1}{2}$xd	—	[illegible]	[illegible]	3,365	6.9
Fluor	[illegible]	[illegible]	[illegible]	[illegible]	1,834	0.9
Ford Motor	[illegible]	[illegible]	[illegible]	[illegible]	6,272	4.2
Gen Elect	$34\frac{3}{4}$xd	$-\frac{7}{8}$	[illegible]	[illegible]	33,114	3.3
♥General Host	410p	—	550p	270p	—	4.8
Gillette	25xd	$+\frac{3}{8}$	$45\frac{3}{4}$	$20\frac{7}{8}$	5,468	1.4
Hasbro	$19\frac{1}{2}$	—	$20\frac{7}{8}$	794p	1,112	0.7
Honeywell	$33\frac{1}{4}$xd	—	$38\frac{1}{2}$	$21\frac{3}{8}$	2,341	2.8
Houston Inds	$22\frac{7}{8}$	$-\frac{1}{2}$	$23\frac{1}{2}$	$17\frac{7}{8}$	2,948	7.3
IBM	$50\frac{1}{8}$xd	$-\frac{1}{4}$	[illegible]	$50\frac{1}{8}$	28,878	5.4
Ingersoll-Rand	[illegible]	—	$32\frac{1}{2}$	[illegible]	1,267	3.0
Lockheed	[illegible]	[illegible]	$28\frac{1}{4}$	[illegible]	1,515	4.7
Lowe's	1582p	-58	2155p	1245p	547.7	2.1
Man Hanover ♦	[illegible]	—	$18\frac{7}{8}$	$9\frac{1}{2}$	1,812	13.8
[illegible]	[illegible]	[illegible]	$32\frac{7}{8}$	[illegible]	2,784	2.1

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

	Notes	Price	+or -	1991 high	1991 low	Yld Gr's	NAV	Dis or Pm(-)
Sphere Inc		18	—	33	19	27.2	21.6	14.2
Zero Div Pf		65¼	—	65½	58¼	—	—	—
Warrants		3	—	9½	2¼	—	—	—
Strata		145	-1	184	104	1.2	175.5	17.3
Stratton		146	—	168	120	1.7	175.3	16.6
TR City of Lon		110¼	-½	121¼	90	5.5	107.6	-2.9
TR Euro Growth	§	93	-4	104	76	1.5	95.5	1.5
Ptg Sub	§	55	—	56	40	2.4	—	—
TR Far East Inc		78xd	—	84	58	7.2	89.7	13.0
Warrants		16	—	29	12	—	—	—
TR High Inc	H	104	—	115	85	7.7	95.1	-9.4
Sub	Q	34	—	35	24	8.8	—	—
TR Pacific		67	-1	82	49	0.5	78.6	14.9
TR Prop		27	—	37	26½	7.3	34.4	21.6
TR Smaller		136	—	156	98	3.4	145.4	6.5
TR Technology	§	36	—	82	20	6.6	90.1	60.0
Stepped Pf		89½	—	94½	70½	8.2	—	—
Zero Pf		163½	-½	168½	117½	—	—	—
Temple Bar	1	249	-1	278	210	6.4	270.5	8.0
6pc 2002		£111½	—	£111½	£102½	5.4	—	—
Temple Em Mkts	as	165	—	173	92	0.6	162.4	-1.6
Warrants		60	—	66	27	—	—	—
1pc Cv 2001		£162½	—	£167½	£90½	0.6	—	—
Thornton Asian		58	—	72	55	1.1	68.3	15.0
Warrants		11	—	18	9	—	—	—
Thornton Pan Euro		27	—	31	25	4.3	30.4	11.1

MINES - Cont.

	Notes	Price	+or -	1991 high	1991 low	Mkt Cap£m	Yld Gr's
Hibernia West IE		43	-2	61	30	13.7	—
Kells Mins IE		38	-1	48	33	0.82	—
Kenmare		7xr	+½	25	6½	6.72	—
Navan Res IE	n	18	—	20	15	0.87	—
Northgate Expl C$	s	51	—	99	47	6.43	—
North West Expl A$		8	—	16	5	2.82	—
Oryx Gold $		123	—	188	82	—	—
Ovoca Gold IE		18	-1	23	10	0.70	—
Plateau		16	—	44	16	2.99	—
RTZ		478	+5	605	404	4,765	5.4
Thorco Res		6½	—	11	3¼	—	—
Vizcaya		2½	—	10	2	1.34	—
Western & Pac C$		20	—	152	20	11.8	—
Young Grp		186	—	133	108	9.99	6.5

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ *Not officially UK listed; dealings permitted under rule 535(4)(a)*
☆ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Not officially UK listed; dealings permitted under Rule 535(2)
# Price at time of suspension
¶ Indicated dividend yield after pending scrip and/or rights issue.
♦ Merger bid or reorganisation in progress
§ Forecast dividend yield, p/e based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Yield based on annualised dividend.
b Figures based on prospectus or other offical estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
z Dividend yield includes a special payment
E Minimum tender price.
F Yield based on prospectus or other offical estimates for 1990-91.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other offical estimates for 1991.
K Yield based on prospectus or other offical estimates for 1990.
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other offical estimates for 1991-92.
N Yield based on prospectus or other offical estimates for 1989-90.
P Figures based on prospectus or other offical estimates for 1991
R Forecast annualised yield, p/e based on prospectus or other offical estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xd ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1150 a year for each security shown, subject to the Editor's discretion

FINANCIAL TIMES
Weekend December 7/December 8 1991

Treasury optimistic despite UK consumer debt levels

By Peter Marsh, Economics Staff

HIGH levels of debt among *consumers will not inhibit* Britain's expected economic recovery, the Treasury says *today in a defence of its projection* of a big rise in consumer spending next year.

According to an article in the latest edition of the Treasury Bulletin, consumers next year are likely to have plenty of cash to buy goods and services, in spite of continuing demands from interest payments related to the large debts taken on during the 1980s boom.

The Treasury's views about borrowing behaviour underpin its forecast that consumer spending will increase next *year by 2.5 per cent, fuelling a* sustained upturn from the recession of the past year.

However, many private-sector economists argue that the costs of financing the large debts will make average Britons think twice about taking on new loans. This would result in a weak recovery, in which consumer spending grows in 1992 by only about 1.7 per cent.

In recent weeks, worries about a return to growth have been stoked by the scarcity of signs that consumer spending, *which accounts for two-thirds* of gross domestic product, is starting to turn up significantly.

Next year, the Treasury reckons the economy will expand by 2.25 per cent overall, but many City of London economists have substantially lower projections.

Expanding on the problems of high debt charges, Mr John Maples, economic secretary to the Treasury, said yesterday a *lot of people had over-borrowed* during the boom, but many had learned from this experience. Financial difficulties which have forced a big rise in repossessions of mortgaged homes had affected people "only at the margin".

According to the bulletin, which also plays down anxiety that a slowdown in monetary *growth could dampen a recovery*, the ratio of people's debts to incomes will stabilise at much higher levels than in the 1970s and early 1980s. That would follow from the financial deregulation of the past 10 years, which had made it easier for consumers to take on and service credit.

Behind the Treasury's relatively *bullish stance on* consumer spending is its belief that falls in inflation will reduce the need for people to save to keep up the financial value of their assets. It expects the proportion of income that people save to fall from 10 per cent at the end of last year to average 9.5 per cent in 1992.

Also, consumer confidence has risen, while interest rates have come down sharply in the past year. People's net wealth *remains at high levels in relation* to income, in spite of recent falls in house prices.

Finally, the bulletin says that in a reaction to the credit explosion of the 1980s, consumers have already repaid large amounts of debt, as a result of which they might soon be ready to take on new loans.

The ratio of interest payments to consumers' income is expected to fall from just over 10 per cent this year to 9 per *cent in 1992.*

Treasury sceptical, Page 6

Lubbers focuses agenda on EC political and monetary union

By David Buchan in Brussels, **Alison Smith** in London and **Quentin Peel** in Bonn

MR RUUD LUBBERS, the host of the Maastricht summit *which opens on Monday, has* cleared the agenda of virtually all other matters to enable *European Community leaders* to reach agreement on political and monetary union.

In a pre-summit letter to fellow EC leaders, the Dutch prime minister said: "I will ask my colleagues to focus their interventions on the central questions" of European Union. The EC needed to crown years of negotiation with a "definitive" success.

According to the final draft text on economic and monetary union (Emu) which the Dutch presidency issued yesterday, these central questions include when the EC moves to a single currency and the formulation of Britain's right to *opt out.*

The earlier general let-out clause, potentially giving every EC country the right to reconsider whether to adopt a single *currency, has disappeared from* the Emu portion of the treaty.

Mr John Major, the UK *prime minister, will have to* present his case at Maastricht for a special let-out for Britain, even *though this demand has* already been conceded.

British officials dismissed the *idea that the clause had* been removed as a negotiating ploy to elicit further British concessions. They pointed out that other EC countries were aware that, unless the treaty contained such a clause and unless "federal" were removed from the political union draft, the UK would not sign.

More problematic may be the discussion over the final transition to Emu. The Maastricht text now follows a French plan *for EC leaders to decide on* Emu by the end of 1996, ideally by unanimity. If they fail to reach agreement, then a decision could be taken by simple majority two years later. This effectively sets a date for a single currency before the end of the century.

The UK government expressed some concern at the timetable, saying it seemed "unworkable" to put such reliance on dates when progress to a single currency would have to depend on economic convergence.

Last minute declarations by *French and German* ministers piled the pressure on Britain. Mr Hans-Dietrich Genscher, the German foreign minister, said in an article to be published on the eve of the summit: "The train to European Union is standing at the platform. It is about to leave. Anyone who does not climb on board will not stop it going. They will be left standing all alone. That is a fact which everyone must consider."

Mrs Elizabeth Guigou, France's EC affairs minister, forecast that if Maastricht failed to produce a treaty for a strong European union, Europe would return to the "balkanisation" of before the First World War.

Mr Major forecast "tough" negotiations. "There are some things of particular interest to us and there is no chance of us changing our position. There are other areas where there may be room for flexibility, but we will have to see how the negotiations go," he said.

Germany sees Emu as sign of strength ......Page 3
Maastricht: The essential guide ....Pages 4-5
Leader Comment ....Page 8

Spirit of independence: Ivan Drach, leader of the National Movement in the Ukraine, celebrates the country's newly won independence with other parliamentary members. Parliament voted overwhelmingly yesterday not even to consider the draft union treaty, which could signal the eventual break-up the Soviet Union Page 2

Pearl Harbour memories heighten US ambivalence

By Lionel Barber in Honolulu and **Stefan Wagstyl** in Tokyo

MILLIONS of Americans will watch a televised ceremony today at the memorial of the *sunken battleship Arizona*, in which 1,177 US sailors and marines died on December 7 1941.

President George Bush joins more than 2,000 survivors to commemorate the 50th anniversary of the devastating Japanese assault on Pearl Harbour which drew the US into the Second World War.

This anniversary, far more than the 25th and 40th, has triggered a collective self-ex*amination in the US and* Japan. At issue is not only the war and the question of Japanese guilt, but also an uncomfortable present, where many Americans feel ambivalent about Japanese economic and financial power.

Mr Bush, himself a veteran shot down as a young navy pilot in the Pacific, is expected to confront this ambivalence during an important address this morning, arguing that the US must *remain vigilant* but never again be "sucked into splendid isolation".

For the Japanese, efforts to mark the anniversary of the attack by passing an anti-war *resolution in the Diet (parliament)* seemed to have foundered last night.

Diet members were unable to agree on the content of such a declaration.

Some argued in favour of a strongly worded apology to Japan's wartime enemies, while others backed a bland expression of support for *peace.*

Comments by Mr Bush that he had no intention of apolo*gising for the atomic bombing* of Hiroshima and Nagasaki strengthened the position of rightwingers in Tokyo's ruling Liberal Democratic Party who say that Japan has no need to apologise either.

The Japanese failure to apologise has infuriated the old US warriors who have been pouring into Honolulu this week with their families and guests.

However, the anniversary chiefly offers them a chance to *ponder the meaning of the war*, to honour the dead, and to meet their old buddies again.

The veterans still wear their navy peak hats with pride. Mr Joseph McGuire is now 71. He *was serving as a nurse at Hickham* air base when he saw the Japanese dive-bombers streaking low into Pearl Harbour.

The memory of dealing with the wounded is still too painful for him to talk about. Now a chaplain in Rochester, New York, he says: "It's my first time back ... I couldn't miss the 50th anniversary."

Many of the veterans were jolted by the changes in Honolulu since 1941. Japanese com*panies own some 60 per cent of* the hotel rooms in Honolulu, and the nearly 4m-a-year Japanese tourists are *the* engine driving the Hawaiian economy.

The result is incongruous. The veterans walking the streets, in jackets emblazoned with the message "Remember Pearl Harbour – Keep America Alert", are easily *outnumbered* by Japanese tourists, many of them young honeymooners, but few of whom ven*ture near the war memorials.*

Fifty years on, Weekend FT I

Alan Sugar underwrites Spurs' £7m rights issue

By Jane Fuller

MR ALAN SUGAR yesterday confirmed himself as the sugar *daddy of Tottenham Hotspur* by underwriting a £7m rights issue at a fancy price for *shares in the north London* football club.

The four-for-seven issue, which will reduce Tottenham's debts to £5.9m, values the company at £20m. This compares with £33m for cash-rich Manchester United, the only other football club with a full listing on the London Stock Exchange.

Unusually for a rights issue, the 125p offer is priced at a considerable premium to the 91p at which Tottenham shares traded before they were suspended more than a year ago. Mr Sugar, chairman of the parent company, and Mr Terry Venables, formerly Spurs' manager, paid only 75p a share this summer for a 36 per cent *stake and were forced by Take*over Panel rules to extend the offer to other shareholders.

Trading in the shares was halted in October 1990 before the full extent of Tottenham's debts – which peaked at about £15m – was known. The shares are expected to be relisted on December 31.

Mr Sugar said yesterday: *"People should think, what is* Sugar up to? He is not a total fool. If he is paying 125p, the guy must know something that I don't know." He hoped the share price after the relisting would vindicate his judgment, rather than that of "those idiots who sold out at 75p".

He said Tottenham should return to profit this year after losing £1.78m before tax in the 12 months to May 31.

This followed £2.29m of inter*est payments and exceptional* costs of £1.57m for the refinancing. The footballing side, however, made a trading profit of £2.26m. Mr Sugar said Tottenham could find itself with cash *in hand* next May if £5m came in for Mr Paul Gascoigne, who is due to be sold to Lazio, the Italian club.

Mr Sugar, who raised £34m in March by selling part of his stake in Amstrad, the consumer electronics group he *heads, may end up putting* more than £7m into Tottenham.

His financial involvement has grown in recent months. He initially matched the £3m put in by Mr Venables as they bought shares and relieved some of the bank debt.

Then he took over a £1.1m loan (plus £200,000 interest) made to Tottenham by Mr Irving Scholar, formerly the biggest shareholder. Mr Scholar had secretly borrowed the money from Headington Investments, one of the Maxwell family's private companies placed in administration on Thursday.

The late Mr Robert Maxwell was an unsuccessful rival of Mr Sugar and Mr Venables when rescuers were sought by different Tottenham factions.

Mr Sugar lent a further £4.06m to Tottenham last week. Through the rights issue he will convert the debts into shares and he could end up with 48 per cent of the equity.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Berliner Bank	247	+	7.5
Klockner Werke	*109*	+	*5.2*
Falls			
Asko	679	–	9
Deckel (Fr)	110	–	3
Didier-Werke	159	–	8
Heideb Zem	860	–	15
New York ($)			
Rises			
Amgen	$61\frac{5}{8}$	+	$1\frac{3}{4}$
General Elec	$64\frac{3}{4}$	+	$2\frac{3}{8}$
Pepsico	$30\frac{7}{8}$	+	$\frac{3}{4}$
Synergen	$54\frac{1}{4}$	+	$3\frac{3}{4}$
Falls			
IBM	90	–	$\frac{1}{8}$
News Corp	$21\frac{5}{8}$	–	$\frac{3}{4}$
New York prices at 12.30pm			
Paris (FFrs)			
Falls			
Elf-Aquitaine	368.1	–	13.5
Industrielle	5830	–	605
Merlin-Gerin	467.1	–	15.9
Paribas	*335.5*	–	*14.5*
Spie Batignoll	329	–	9
Worms Cie	332	–	17.9
Tokyo (Yen)			
Rises			
Chugoku Marine	1070	+	80
Diamond Lease	1440	+	100
Kokusai Kogyo	1660	+	120
Nichiei Fin	998	+	70
Falls			
Nagasakiya	1590	–	150
Tec Elect	848	–	71
London (Pence)			
Rises			
Carlton Comms	429	+	14
Lonrho	188	+	9
Reuters	*944*	+	*25*
Falls			
ADT	295	–	13
ASDA	32	–	4
Aegis	111	–	18
Alexon	353	–	24
Calor	214	–	24
Cannon St Invs	21	–	2
Corp Services	36	–	5
LASMO	253	–	10
Marina Devs	110	–	33
Pacer Systems	51	–	15
Ratners	32	–	3
Royal Insce	246	–	14
Southnews	*62*	–	*6*
Taylor Woodrow	129	–	6
UMECO	54	–	7
Ultramar	$271\frac{1}{2}$	–	$10\frac{1}{2}$
Utd Friendly	332	–	23
Wilding Office	22	–	5

Fed fund

Continued from Page 1

Congress, which is holding hearings on fiscal policy.

The unexpected plunge in US employment follows a drop in consumer confidence to near record lows. The biggest drops occurred in service-sector industries and construction, which shed 111,000 and 95,000 jobs respectively. Manufacturing lost 33,000 jobs.

The unemployment rate was unchanged at 6.8 per cent but officials said this reflected slower-than-normal growth of the labour force rather than resilience in the labour market.

Rachel Johnson in London writes: Release of the US jobs data prompted sharp falls in the dollar in Europe, driving it to a nine-month low of DM1.5715, against a previous DM1.589. At lunchtime in New York, the dollar was standing at DM1.5718.

Sterling closed up in London at $1.8105, after $1.7935, but dropped half a pfennig against the D-Mark to DM2.8450. It remained the weakest currency in the European exchange rate mechanism.

On equity markets, Wall Street rebounded after the Fed eased, showing a gain of more than 18 points to top 2,907 at midsession.

London's FT-SE 100 share index ended 18.3 lower at 2,388.7, falling below the 2,400 level for the first time since March.

WORLDWIDE WEATHER

Today: Extensive fog will clear slowly but patches will persist all day in some central and eastern parts of England. There will be *some bright or sunny periods* across the country. Northern Ireland and north and west Scotland may have patchy light rain later. Colder than normal apart from north and west

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	13	55	Bordeaux	S	6	43	Dallas †	C	10	50	Innsbruck	F	0	32
Algiers	S	18	64	Boulogne	S	4	39	Dublin	S	8	46	Inverness	S	0	32
Amsterdam	S	4	39	Bristol	C	5	41	Dubrovnik		–	–	Isle of Man	S	8	46
Athens	C	14	57	Brussels	C	-1	30	Edinburgh	C	6	43	Istanbul	F	7	45
Bahrain	F	23	73	Budapest	S	3	37	Faro	F	17	63	Jersey	S	4	39
Barcelona	S	11	52	Buenos Aires		–	–	Florence	S	7	45	Johannesburg	S	21	70
Belfast	C	7	45	Cairo	F	21	70	Frankfurt	S	2	36	Las Palmas	F	21	70
Belgrade	C	2	36	Cape Town	S	24	75	Geneva	S	2	36	Leeds	S	9	48
Berlin	F	1	34	Cardiff	F	6	43	Gibraltar	F	16	61	Lisbon	R	13	55
Biarritz	Fg	3	37	Chicago †	S	-13	9	Glasgow	C	7	45	Locarno	S	6	43
Birmingham	S	5	41	Cologne	S	2	36	Guernsey	S	6	43	London	S	8	46
Blackpool	S	7	45	Copenhagen	F	5	41	Helsinki	S	-9	16	Los Angeles †	Fg	10	50
Bombay	S	31	88	Corfu	F	12	54	Hong Kong	S	23	73	Luxembourg	C	1	34

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	19	66	Nairobi	C	24	75	Prague	C	-1	30	Tel Aviv	S	18	64
Madrid	F	11	52	Naples	F	7	45	Reykjavik	R	8	46	Tenerife	Dr	20	68
Majorca	S	15	59	Nassau		–	–	Rhodes	F	14	57	Tokyo	S	16	61
Malaga	C	16	61	Newcastle	C	7	45	Rio de Janeiro				Toronto †	Sn	-8	18
Malta		–	–	New Delhi	S	21	70	Rome	S	11	52	Tunis	F	16	61
Manchester	S	7	45	New York †	C	2	36	Salzburg	F	-1	30	Valencia	S	14	57
Melbourne	F	18	64	Nice	S	13	55	S'Francisco †	S	7	45	Vancouver †	R	8	46
Mexico City		–	–	Nicosia	R	14	57	Seoul	F	12	54	Venice	S	6	43
Miami †	F	21	70	Oporto	F	17	63	Singapore	R	23	73	Vienna	C	2	36
Milan	S	3	37	Oslo	S	3	37	Stockholm	C	0	32	Warsaw	C	-1	30
Montreal †	Sn	-16	3	Paris	S	2	36	Strasbourg	S	2	36	Washington †	S	1	34
Moscow	F	-14	7	Peking	S	6	43	Sydney	S	23	73	Wellington		–	–
Munich	S	-1	30	Perth	C	20	68	Tangier	C	17	63	Zurich	S	0	32

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

A shifting floor for equities

On the surface, equities ought to be a bargain now that dividend yields are over 5 per cent. It would take only a 120-point rise in the index or thereabouts over the next 12 months for an investment in equities to match the return on a cash deposit in the bank.

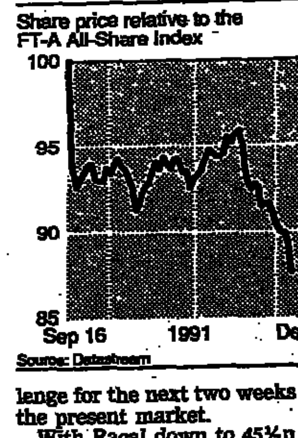
Unfortunately, this simple truth begs some awkward questions, not least of which is whether historic yield is a relevant *yardstick* any more. Trafalgar House, and before it British Steel, have shown that *dividends are not sacrosanct.* With the curse of Maxwell hanging over the banks and mortgage indemnity over the insurance sector, cutting or omitting dividends may become more common, and thus gradually more acceptable to boards at times of falling profits.

Nor is there much comfort in the economic background, despite last night's US monetary ease. That is simply a reflection of alarm at US economic weakness. The Bundesbank's reaffirmation of its *tight money policy* will meanwhile be a continuing constraint on the UK, even if the recovery looks frost-bitten in a disappointing Christmas for the retail trade. With the Footsie below 2,400, the *floor* should be close, but there is little confidence-inspiring news about. A Maastricht failure could yet bring turmoil to the exchange markets, which is one more reason why cash may remain a better bet than equi*ties for some time yet.*

FT-SE Index: 2,388.7 (-18.3)

Williams Holdings

Share price relative to the FT-A All-Share Index



Source: Datastream

Williams/Racal

It must have taken some courage for Williams to announce a so-called increase in its offer for Racal which was immediately worth 1p less than its original bid. As Lasmo is finding with Ultramar, topping *up an all-paper bid with cash* still leaves a predator vulnerable to a declining market. Wil*liams* naturally argues the new terms reflect the maximum that Racal is actually worth. A more generous increase, however, would simply have further undermined its own share price or taken its gearing to an unacceptable level. Much now depends on whether the absence of a larger underwritten offer will help Williams' shares recover the ground they have lost since the bid was launched. A Williams price of 333p would value the bid at 60p, which is nearer what the market has always believed is needed to take Racal out. But that is a full 16 per cent above *last night's* close, quite a challenge for the next two weeks in the present market.

With Racal down to 45½p in the after-market yesterday, it looks as though the market's initial reaction is giving the bid the thumbs down. Those with faith in Racal's recovery proceeding as planned can easily pencil in earnings per share *of 4¼p for 1992/3*, which implies an undemanding forward multiple close to 11. On *top of that, there may be a bid* premium on both the Chubb security division and the remaining electronics business when they are split next year. Both factors should underpin Racal shares eventually if Williams does lose, but the initial wobble suggests a rough ride meanwhile.

Rosehaugh

Rosehaugh is not quite a penny stock, but after yesterday's predictably awful figures for the year to end June, that may just be a matter of time. Net assets in the books stand at 130p per share – but with a depressed property market and high real interest rates this *could all too quickly be whit*tled away. On-balance sheet debt is almost twice shareholders' funds – five times if you add in RSD – while the cash outflow is exacerbated by the very low level of rental income. Further writedowns for the likes of the Ludgate development cannot be ruled out next time, though whether current valuations mean much in present market conditions is a moot point.

The key issues are how the banks will behave and whether the long-awaited merger with Stanhope will ever happen. In effect, of course, the banks are already in charge and with a Scottish accountant at the helm the task of unravelling the business can proceed. A forced sale is in no one's interest. The merger – urgently needed to unlock Rosehaugh's prized asset – is the much greater uncertainty. The news *yesterday* that Mr Nigel Wilson, Stanhope's finance director, is defecting to GPA, does not *necessarily* augur well.

BT sale

Judging by retail investors' appetites, the government and its advisers will already have relaxed about the BT secondary sale. Although the precise level of institutional bidding will not be known until Monday, it seems certain that the offer has been over-subscribed. The further the market as a *whole fell this week*, the less danger there was for a sale which was already looking more *attractive* on yield grounds than on fundamentals. The question is what investors should do once dealings start.

In theory, the retail market can simply take quick advantage of its built-in *discount* to the institutional price. But certificates will not be sent out until later in December, so as with other privatisations any *instant premium* might not be available in practice. An alternative strategy is to wait for the partly-paid shares *to go* ex-dividend in January before selling them. Investors who think even that is too hasty should note that, after weeks of silence, the regulator chose yesterday to deliver a reminder of its presence. A little later in January, Oftel will set the 1993 price review in motion. Unlike yesterday's intervention, BT *cannot dismiss that as* immaterial to profits.

Tottenham Hotspur

Investors in Tottenham Hotspur know to their cost that winning the FA Cup is no *guarantee* of financial return. The club's proposed £7m rights issue should finally restore its finances *along* with its Stock Exchange listing, albeit thanks largely to Mr Alan Sugar's deep pockets. Mr Sugar is underwriting most of the deal at a premium to the suspension price, so existing investors can only gain by approving the proposal. Fans with new money should instead consider the unthinkable: it might be better employed by arch-rivals Manchester United. United made over £5m pre-tax profit last year and has cash in the bank. Its shares can be bought on a multiple of 7 and a yield of 8.5 per cent. It will be a while before Mr Sugar can boast that.

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Weekend FT

SECTION II

Weekend December 7/December 8 1991

Fifty years on – US prepares for Japanese victory

On the anniversary of Pearl Harbour, ***Lionel Barber*** *looks at the agonised debate raging in the US over the significance of Japan's growing economic might*

FIFTY years ago this morning, Edgar Rice Burroughs, the creator of Tarzan, was strolling near his house in Honolulu when the first Japanese warplanes streaked into Pearl Harbour.

Burroughs, who had been fretting for months about the general lack of preparedness for war, assumed he was witnessing a mock assault. It took a while to grasp the reality: the bombing of sleeping soldiers, and the destruction of a large part of the US Pacific Fleet.

Half a century later, many Americans are afflicted by a similar lack of comprehension as they confront the reality of Japanese economic and financial power. There is a feeling that the US may have underestimated Japan, just as it did in 1941. "American economic pre-eminence is clearly in question," says Senator Max Baucus, a Democrat spokesman on trade, "unless the US takes rapid action, it will fall behind Japan in the economic arena in a matter of years."

This sense of US vulnerability has triggered a debate on how to deal with, or even "contain" Japan – a politically-loaded term which suggests that, with the collapse of the Soviet Union, the threat may lie in Tokyo rather than Moscow.

Japan, of course, is *not* an enemy; it is tied to the US by a military security treaty; but neither does it enjoy the unqualified trust which fellow allies such as Britain or Canada do. There is an ambivalence among many Americans, particularly the older generation, toward the Japanese; and, after years of reticence, it is being matched, if not in volume then in pithiness, in Japan.

In an article republished in the US ahead of the Pearl Harbour anniversary, Kazuo Ogura, director general of cultural affairs at the Japanese Foreign Ministry, argued that American values such as freedom, democracy and a market economy have no Japanese roots and are, in effect, an alien culture.

"Those on the US side are still leaning heavily on Japan, never reflecting on their own country's shortcomings," he wrote, "and those on the Japanese side are still bowing before American demands, as if doing so was Japan's fate."

From a common US perspective, the problem is that Japan has long confined its bowing to the ceremonial, preferring in practice to hide behind commercial barriers and build vast trade surpluses. Popular grievances have been compounded by a belief that Japan enjoyed a free ride in the post-war era, as the US spent billions of dollars defending East and West against communism, while Tokyo was free to pursue its brand of economic nationalism.

Much of the criticism of Japan reflects a deeper unease about the state of US competitiveness in the post-Cold War world. Looking across the Pacific, many Americans do not like what they see.

- Since 1980, Japan's growth rate has averaged just over 4 per cent, far higher than the US.
- In 1990, Japan invested 23.4 per cent of its Gross Domestic Product in plant and equipment, double the amount invested by the US.
- The Japanese save 18 per cent of their income, compared with less than 4 per cent in the US.
- Japan's trade surplus with the US, the single most important source of friction, is rising after declining for almost three years. Last year, it was $42bn, (£23.7bn) largely composed of technologically advanced industrial products.

Richard Holbrooke, a former senior US diplomat, suggests that the relative decline in US strength from its post-war peak in the 1950s underlies the current obsession with Japan. "It is a reflection of America's fear that it may have lost its own way," he writes in the latest edition of *Foreign Affairs*. "Japan seems to be better at the very things on which Americans once prided themselves: quality products, hard work, sacrifice, strong family structure, a sense of national unity and patriotism. In another sense, there may still be an underlying racism."

The uproar which greeted the Japanese buying spree in the 1980s suggests that US ambivalence about Japan does have a racist tinge. Cash-flush Japanese companies snapped up CBS Records, Inter-Continental Hotels, Firestone, Columbia Pictures and, finally, MCA, the Hollywood film studio purchased by Matsushita for $6bn.

"Japan invades Hollywood," screamed *Newsweek* magazine on its front cover. Mitsubishi Estate's purchase of a 51 per cent stake in the Rockefeller Centre in Manhattan triggered similar outbursts.

Others pointed out that the sale was symbolic; it was, after all, a result of the agreement between the US and the leading industrialised nations in 1985 to strengthen the yen against an over-valued dollar. When the dollar fell, goods made in the US became more competitive with (*inter alia*) imports from Japan. At the same time US assets became cheaper to foreigners.

The purchases provoked an avalanche of academic studies, popular books such as *The Selling of America*, and pressure from the US Congress for clamps on foreign investment. No matter that the British were investing in the US at a similar pace, or that foreign investment was a testimony to confidence in the US economy. The Japan-bashers were *in full cry*.

The most extreme arguments emerged with the publication of Pat Choate's *Agents of Influence*, a book which purported to show that Japan had used its money to buy the best US brains in think tanks, universities, corporations, Washington law firms. Japan had assembled the finest political intelligence system in the US, Choate argued, allowing it to attain "effective political domination" over the US.

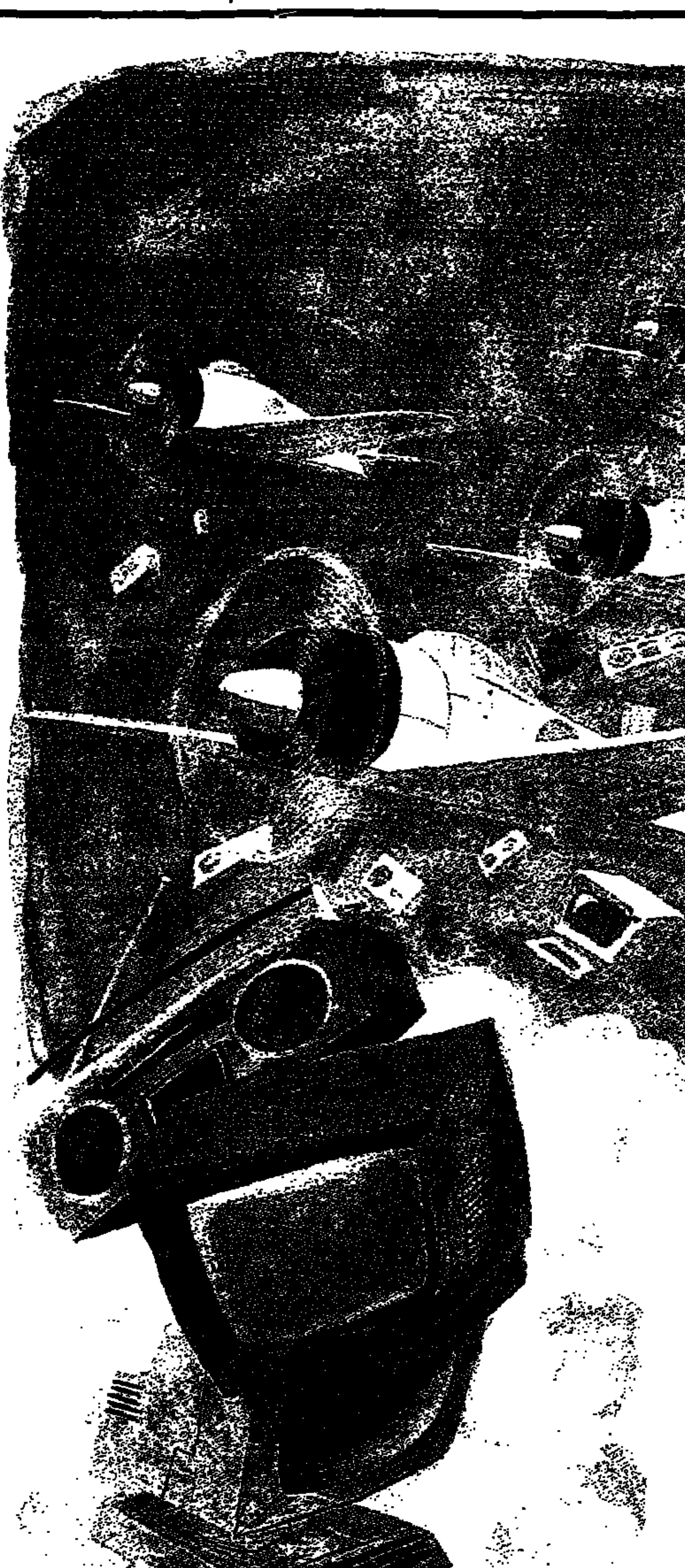
In spite of (or because of) ferociously bad reviews, Choate's book sold well and made its author a minor celebrity. But it did not lead to tighter laws on influence peddling in Washington (which is by no means confined to the Japanese).

The more usual US (and European) complaint focuses on Japan's institutions, the so-called "golden triangle" made up of the government bureaucracy, the Liberal Democratic Party leadership and the huge Japanese conglomerates.

This institutional network has allowed Japan to carry out a highly effective industrial policy, focusing on high technology businesses. It is said that, using predatory pricing and protectionism, the Japanese have pursued an economic nationalism which has savaged foreign competition and seized an increasing share of crucial global markets.

As Charles Wolf, Dean of the Rand Graduate School in California, has pointed out, this argument conveniently overlooks Japan's own policy mistakes; it ignores the increasing penetration of the Japanese market by some successful US companies such as International Business Machines and Motorola; and it fails to deal with the reality of demand in the US, where consumers have voted with their wallets in favour of Japanese products.

Public attitudes in the US are far from clear-cut. In the early 1980s, car workers in Detroit put up signs in the parking lots of plants that read: "If you're driving a Japanese car, don't park it here – park it in Tokyo." This week there have been plenty of interviews with military veterans, many saying, more or less, that it might be time to "do the job again on Japan." This has not prevented streams of state governors and local officials, particularly from the South, flying to Tokyo in search of Japanese investment.



The erosion of America's manufacturing base in the 1980s has made it much more difficult for the free-traders to be heard. "Fair-trade" is the new slogan, and Japan more often than not finds itself in the dock for not playing by the rules. Clyde Prestowitz, a former top US trade official and author of *Trading Places*, argues that the friction lies in the systematic displacement of US (and European) companies from large industries and technologies by Japanese companies, all reflected in the composition of the trade deficit.

"Theoretically, the US could export enough waste paper and logs to balance accounts with Japan," he wrote in the *Economist*, "but that would not end the friction. Until this fact is grasped, all efforts at negotiation will achieve little."

Similarly, James Fallows, a former Far East correspondent for the *Atlantic Monthly*, argues that Japan's emphasis on production rather than consumption, its unwillingness to open key markets to foreign competition and its unrestrained pursuit of mercantilism, leaves the US no option but to find ways to "contain" Japanese power, starting with measured retaliation.

Unless Japan is contained, Fallows warned in May 1989, "America's own authority to carry out its foreign policy and advance its ideals, American citizens' future prospects within the world's most powerful business companies, and also the very system of free trade that America has helped sustain since the Second World War will be jeopardised." But these analyses reveal much more about how Americans view themselves and their country's place in the world than about US views on Japan. For Prestowitz, Fallows and others, nothing less is at stake than US global leadership and the triumph of US values worldwide.

The collapse of Soviet power has created a sense in Washington that the world is no longer "bipolar" but "unipolar"; the crushing victory in the *Gulf* reinforced the feeling that the US, by dint of its military, political and economic power, is dominant. "I don't mean to sound arrogant," says one Bush Cabinet member, "but we really are the only superpower."

How long will this last?

Karel van Wolferen, a former Dutch correspondent in Tokyo and author of *The Enigma of Japanese Power*, says Japan will pass the US as the world's largest economy early in the next decade. This must translate into political power; the danger, or perhaps the problem, is that the Japanese political system, with its lack of accountability, is not equipped to cope with such a leap in influence and responsibility.

In a *New York Times* article this week van Wolferen suggests that one remedy is to amend the Japanese constitution, imposed by the US after the Second World War, which renounces Japan's right to wage war. This, he says, would make Japan a sovereign state like any other, force its political elite to be more accountable and recognise the reality of the Japanese military (which is, by budget allocation, the fourth largest in the world).

These are dangerous waters. One of the chief justifications for the US military presence in the Pacific is to act as a check against regional powers, Japan included. A senior US military officer who declared recently that US forces stationed in Japan were a "cap in the bottle" may have been reprimanded, but he was echoing a widespread, if tacit presumption in Washington that Japanese military power must be contained. Most of Japan's Asian neighbours would agree.

A less controversial course would be to encourage Japan to take a larger role within multilateral forums. It seems likely that the bill in favour of allowing Japanese servicemen to join United Nations peace-keeping operations will succeed. The next symbolic, but momentous, step would be to allow Japan to take a permanent seat at the UN Security Council.

These steps would require an adjustment by the US, and the creation of a more equal partnership. Together, however they may be the most promising means of laying the ghosts of the past, including Pearl Harbour, to rest.

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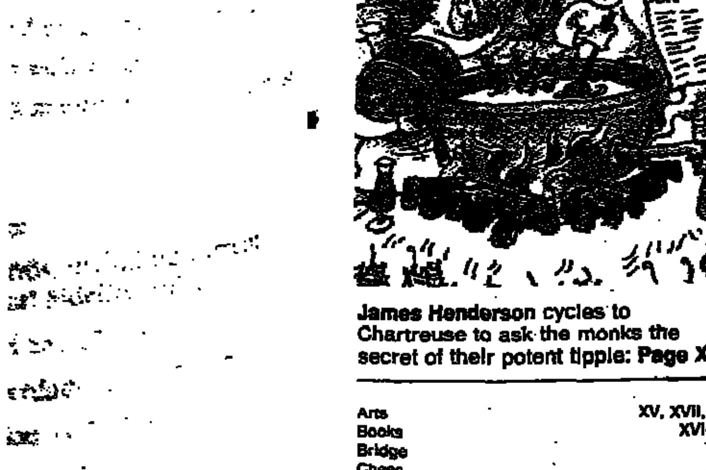


James Henderson cycles to Chartreuse to ask the monks the secret of their potent tipple: **Page XI**

The Long View/**Barry Riley**

Tainted freestyle heroes

WE CAN blame the cheats, liars and fraudsters for pulling the wool over our eyes. But in the end it is usually our own fault that we are misled.

This week we finally learned that Robert Maxwell was a scoundrel capable of looting vast sums from pension funds held in trust. The *Man who Saved the Mirror* had diverted more than £500m.

But his lack of probity had been clear right back to the days in the 1960s when as a Labour MP he fiddled the accounts of the *House of Commons Catering* Committee and, much more seriously, was labelled by Department of Trade Inspectors in 1971 as unfit to be relied on to exercise proper stewardship of a public company.

In a quite different field it has also been the week when former East German swimming coaches have owned up to treating their heavily-muscled girl champions of yesteryear with regular courses of banned drugs.

The fact that East German female athletes so dramatically outshone their comparatively weedy male team mates should have made the conclusion obvious at the time. But too often we are inclined to take things at face value: it is a positive human virtue to be trusting, perhaps, but in the financial markets it can prove an expensive liability.

Cosmetic accounting is the UK's own particular contribution to the business of deception. It is reassuring that Trafalgar House's statement of results this week received a chorus of raspberries and triggered a sharp share price markdown. The statement featured many of the discredited tricks developed by various companies in the 1980s, like provisions taken out of reserves, and off-balance sheet borrowings.

During the 1980s companies and investors alike seemed to believe that it was in everybody's interests to paint a glamorous picture, and who were the auditors, given such a consensus, to insist on some fussy concept of accounting truth?

But it seems that at last shareholders are becoming convinced that the time for facing up to reality has come, if only because delusion has proved to be too dangerous.

Bank of Credit and Commerce International may come to be seen as a classic case of financial illusion. In this instance the other banks were not entirely fooled, and few of them would deal on any scale with BCCI in the interbank market.

In the City of London there were suspicions about the bank, and in the City that is enough. Unfortunately the regulators required proof, and ordinary customers of BCCI were left in ignorance of the danger.

It seems that banks can guess when one of their own kind is a wrong 'un, but in other fields they are as much prone to blind spots as the rest of us.

During the late 1980s British commercial banks might have wondered why they were no longer doing much lending business with ICI, BP or British Telecom but were piling up growing commitments to the likes of Robert Maxwell, Asil Nadir and George Walker.

But there can have seemed to be little choice: either banks had to shrink, or they had to take on the dubious business that was being touted. Now they are going to have to shrink anyway.

In any market peer pressure is an important influence. If you step out of line with the herd you can be cast aside as a potential troublemaker even if you are one day proved right.

If eventually your bank is stuck with a portfolio of Maxwell bad debts, well, so are all the other lenders. And although you had heard of his rather controversial reputation nevertheless he headed a big public company and was regularly entertained to lunch by *your chairman*.

There is an asymmetry here: fuddy-duddy loan officers may get fired for failing to maintain their market share, but how many senior bank officials are being sacked because of their responsibility for the current wave of bad debts? After all, the worst is far from over, and bank share prices wilted further this week in the wake of the Maxwell news: bad debt provisions for 1991 are going to be at least as bad as the shocking write-offs for 1990.

People are attracted by powerful individuals: they want to believe in heroes. This applies not least to the press, which glamorises wheeling and dealing tycoons, especially when they take care to feed journalists with exclusive stories.

But in business, or indeed the Olympic swimming pool for that matter, there are no such things as real miracles. That lesson was taught to me after brushes with the likes of Jim Slater and his entourage of long-forgotten whizz kids in the 1960s.

Behind a smokescreen of claims about raising the efficiency of British industry and "turning companies round" the dealmakers of the day were stripping assets and fabricating profit records through share dealing and other manipulative transactions. The young Robert Maxwell was riding the same bull market at Pergamon Press.

In those days fancy share ratings could be had, and bank lending was controlled, so the focus tended to be on stock market activities. By the late 1980s investors were a little more cynical, so the action had largely shifted to the deregulated banks. The results have turned out to be much the same, with a combination of burnt fingers and disillusionment.

Of course, some of the rogues have lasted an awful long time. Bankers who back them can also fool themselves that they will be able to get out sooner than the rest, or will be able to cling on to a better piece of collateral. As for the press, there is no sense in making enemies; you can never be sure who your next boss might be.

But for the public as a whole the *reputation of the financial markets* will go down another notch. Nobody told the man in the street about BCCI, and nobody seemed to be very concerned about what was going on at the Maxwell pension funds, although the lawyers, actuaries and auditors must have known that the set-up was highly unusual and imprudent.

Like the rest of us, they may have been shocked, but they cannot have been very surprised.

FINANCE AND THE FAMILY

London Markets

Rather more wrongs than rights

IT WAS a week that reflected poorly on some of the City's financial advisers, *as a clutch of* companies they had ushered to the market earlier this year came croppers of one sort or another.

The most spectacular casualty was Mirror Group Newspapers, *which raised £345.5m by* selling 49 per cent of its shares to the public as recently as May. On Monday, like its sister company Maxwell Communication Corporation, it asked for its shares to be suspended.

By the end of the week, some £350m appeared to be missing from MGN's pension fund, and £100m from the company itself. The "ring-fence" that Smith New Court and Samuel Montagu, the advisers, had constructed around the company at flotation had proved disconcertingly easy to breach.

MGN shares were suspended at 125p, the same price they fetched at flotation. The Maxwells' 51 per cent stake in MGN is now up for sale by the administrators; anyone who bought it would normally be required by the Takeover Panel to bid for all the outstanding shares at the same *price*.

The Maxwell story rather distracted attention from the other cases of troubled companies that had issued shares to the public recently. One of them was Alan Paul, the hairdressing group, which raised £5.3m in a one-for-three rights issue in July. Only 15 per cent *of the issue was taken up by* existing shareholders, and in October, the shares were suspended at 20p, 68p below the rights issue price and 122p below the year's high. On Thursday this week, with the *shares still suspended, receiv*ers were called in. The brokers to the July rights issue were Beeston Gregory.

A rather grander City name, S.G. Warburg, was adviser to Cannon Street Investments, *the third of this week's casual*ties. In April, a one-for-three rights issue at 90p and an offer of preference shares raised £48.8m for the mini-conglomerate. As with Alan Paul, the issue was a flop: the rights issue was only 33 per cent taken up, while the preference shares were less than 3 per *cent subscribed.*

On Wednesday, Cannon Street Investments said there would be "sizeable" balance sheet provisions, and that it was unlikely to pay a final dividend. The shares dropped from 98p to 20p on the news, to close the week at 21p, 77 per cent below the rights issue *price and 101p down from the* year's high.

Merchant bank shares do not seem to have suffered from this sorry litany; but the clearing banks paid a price for their Maxwell lending. The Banks sector has underperformed the FT-Actuaries All-Share index *by 6 per cent over the past* week. Shares in National Westminster, the biggest bank lender to the Maxwells, closed on Friday at 263p, down 25p; Midland closed the week at 195p, down 19p.

There was bad news from one other recent rights issuer. Trafalgar House, which raised *£310m in June at the time of its* purchase of Davy Corporation, warned on Tuesday that it might not be able to maintain its interim dividend this financial year. It also wrote down the value of its properties by £144m and took an extraordinary charge of £34m. The *shares fell 26p on the news to* 177p; they closed on Friday at 164p, down 45p or 22 per cent on the week.

There were happier stories to be told, however. Bass shares rose 36p on Wednesday to *959p after* announcing a stock split and healthy trading; the shares closed the week at *973p up 37p*. Airtours, the charter airline, reported a four-fold rise in earnings, and a bumper dividend, up from 8.25p to 23p. The shares closed the week at 854p, down 69p but 451 per cent higher than their 155p low touched at the depths of the Gulf War earlier this year.

W.H. Smith replaced Maxwell Communication *in the* FT-SE index, and closed the week 9p up at 462p. And Hanson marked its 28th year of profits growth with 3 per cent rise in full-year pre-tax profits and – at last – a bit more detail on where those profits came from.

Hanson's pleasure was not entirely unalloyed, however: gloomy analysts' reports on ICI shrank the value of its 2.8 per cent stake in the chemicals group. ICI shares closed on Friday at 1165p, down 44p on the week and 29p below the price Hanson paid in May. A Hanson bid for ICI is now thought unlikely. Hanson shares closed the week at 197p, down 2¼p.

As the government's £5bn-plus BT share offer closed on *Friday, indications were that* individual investors would get about two thirds of the shares they had applied for, at a price *that would probably yield* an immediate profit of around 10p a share.

Overall, the market moved sideways and down: the FT-SE index closed on Friday at 2388.7, down 31.5. Throughout the week, the market appeared determined to defend the FT-SE 2,400 level. On Friday, *however, with Wall Street* reacting badly at first to poor employment figures, the FT-SE was unable to make it back above 2,400, and closed below that figure for the first time in 10 months.

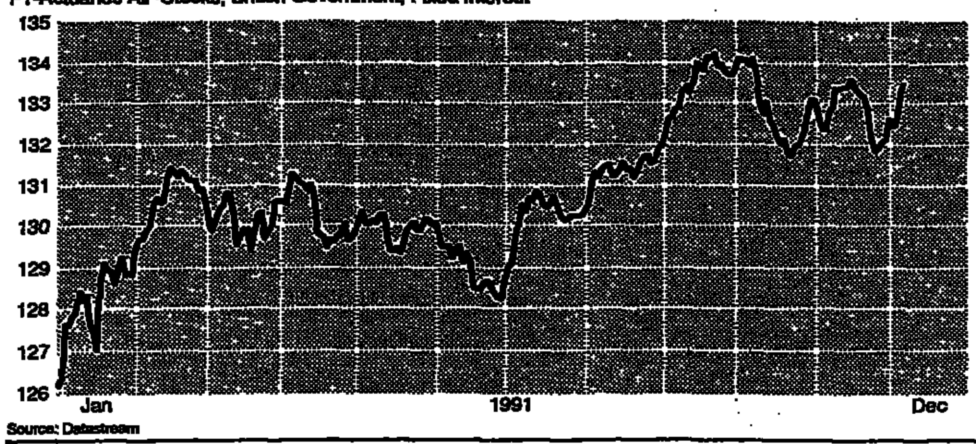
December's crop of brokers' circulars, which appeared this week, have already started on *year-end ex-post-facto rational*isations. Some, indeed, have moved straight through that phase and are already talking up a first-quarter rally.

One argument for this view, shown in the chart above, has been a recovery in the gilts market, with yields dropping back from the 10 per cent level. Thursday's gilt rally was particularly marked, as the Bundesbank stepped back from the rise in German short-term interest rates that the market had been expecting. Falling gilt yields and a rising dividend yield on equities make shares appear cheap on traditional valuation yardsticks – as long as the expected profits recovery materialises in time to preserve those dividends.

Peter Martin

UK Gilts index

FT-Actuaries All-Stocks, British Government, Fixed Interest



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991 High	1991 Low	
FT-SE 100 Index	2388.7	-31.5	2679.6	2054.8	*Nervous mood*
Aegis	111	-56	244	111	Poor prospects for advertising
Cannon Street Invs.	21	-57	122	19	Profits warning
Carlton Comms	429	-47	548	350	Caution ahead of results
Costain	64	+10	223	43	Sells prop bus. for £101m
Higgs & Hill	87	-14	369	80	Depressed building industry
Lovell (YJ)	20	-12	205	19	Will breach bank covenants
Midland Bank	*195*	*-19*	*264*	*150*	*Smith New Court ups loss forecast*
NatWestminster Bank	263	-25	357½	246	Maxwell exposure
Rank Org.	568	-64	779	551	Profits downgrade
Ratners	32	-17	191	31	More downgrades/difficult trading
Siebe	494	+28	551	289	Better than exp. results.
Stakis	29	-11	66	28	Unsettled by stakebuilding
Trafalgar House	164	-45	261	161	Div. worries/profits fall
Ultramar	271½	-39½	358	233	Increased Lasmo bid disappoints

Serious Money

Make sure your pension is safe

By Philip Coggan, Personal Finance Editor

MANY people must be wondering about the safety of *their* own pensions this week after the revelations about the missing millions from the pension funds of the Maxwell group.

Normally most of us pay little thought to the money that disappears from our salary cheques each month – at least until we approach retirement.

It is time for that complacency to change. By and large, the pension fund industry is well run; cases such as Maxwell are fortunately rare. But there is still plenty of scope for employers to "raid" funds in *perfectly legitimate* ways.

Employees should learn to regard pension funds as their own money, and take an interest in how it is invested and in the benefits they will eventually receive.

The first thing to understand is that pension funds have a a language of their own. The "*deficits*" that have been revealed this week do not mean that the pension funds are short of cash to meet payments to pensioners this week or even next year.

Pension funds have to invest for the long term *to meet the* potential claims of future retirees. If a 21-year-old joins the *company today*, the fund has to worry about paying his pension in 39 years.

Many funds are final salary schemes, in which your pension is based not on what you put in, but on a proportion of your final pay. So an actuary calculates how much the employer and employees are contributing, *assumes how* much salaries will grow and what investment returns the fund will earn.

If the fund has more than enough to meet those future claims, it has what is deemed an "actuarial surplus"; if not, it has a deficit.

Pension fund members are entitled to ask the trustees for an actuarial valuation of the fund. If it is in deficit, the company *should have plans to* remedy that position. If it is in surplus, members can ask whether the company could increase benefits rather than, as so many have recently, taking a "holiday" from its own contributions.

Members are also entitled to see *the annual accounts of the* fund and a trustees report. What should they look for?

Pension funds can "go wrong" in three ways. The first is through poor investment policies. The 1980s bull market means that this has not been a problem in the last 10 years or so; indeed a large number of *funds have been in surplus*. But if the fund was depleted, then it would be up to the company to make up any deficit. Inspecting the annual report could reveal an odd investment policy; if the largest holdings are in unknown companies rather than BP or ICI.

The second problem is if the company goes bust. *Should it* do so when the fund is in actuarial deficit, the fund counts only as an unsecured creditor (apart from any unpaid employer contributions). Existing pensioners will have their rights looked after, but the future benefits of employees (and those who have left the *company but not retired*) will be adversely affected.

The kind of problems that have afflicted the Maxwell funds belong in a third, and far more unusual, category. Two things seem to have happened. The first is self-investment, that is the placing of funds in the parent and related companies. The obvious danger is *that if the company goes bust*, employees face a double blow, loss of job and pension benefit. This happened to employees *at* Farr, a failed Wiltshire construction company last year.

Regulations next year should restrict self-investment to 5 per cent of scheme assets. Funds which have more will have a breathing space to wind down their stakes. This may not be an ideal solution (the National *Association of Pension Funds* argues that all self-investment is unhelpful and undesirable) but it should reduce potential problems.

The other difficulty at Maxwell was the "lending" of shares owned by pension funds. This is the main way in which money seems to have disappeared from the fund. But the way in which Robert Maxwell did it, pension experts argue, is vastly different from the way most funds indulge in stock lending.

Normally shares are lent (as a means of earning extra income) only through authorised money brokers. The "borrowers" are stock exchange members, who put up collateral in exchange. All this is perfectly straightforward and respectable.

Stock lending, even in its respectable *form*, would be unlikely to show up in a pension fund's report and it would be very hard for the average pension member to spot what went on in the Maxwell group.

Members inevitably have to rely on checks and balances. The trustees have a *duty* to look after their interests; the fund managers will be regulated (normally by Imro). Part of the problem at Maxwell *group, executives, fund manag*ers and trustees were often the same people.

To repeat, *Maxwell* is a very unusual case, but should you be worried about your own fund, what can you do? The first step is to contact a trade union or employee representative trustee, if there is one.

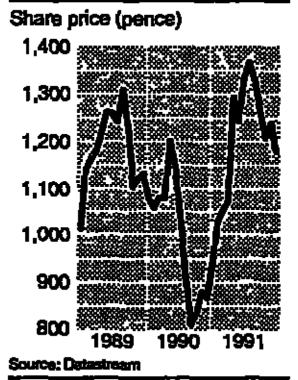
If that brings no satisfaction, you can carry your complaint to the Occupational Pensions *Advisory Service* at 11 Belgrave Road London SW1V 1RB. If they cannot solve your complaint, it can be passed to a Pensions Ombudsman (see How to complain, page V).

Pension regulations can certainly be tightened but it is hard to stop the determined miscreant. Employees will be *best protected* by ensuring that their own representatives or independent professionals are *trustees. The price of a pension* may be eternal vigilance.

AT A GLANCE

ICI

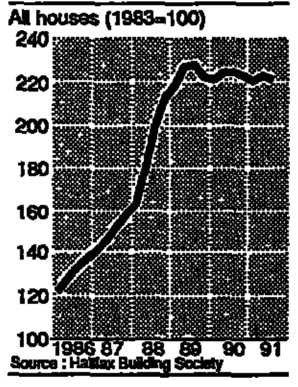
Share price (pence)



Source: Datastream

House price index

All houses (1983=100)



Source : Halifax Building Society

ICI launches PEP for shareholders

ICI will be launching a single company Personal Equity Plan from January 1. The company said the move was designed to "encourage wider ownership of the company's shares." Until now investors were only allowed one £6,000 general PEP in any one year but, under new legislation, the £3,000 *single company PEP will be allowed from the beginning of* January.

ICI shares were down this week following a gloomy forecast *of the chemical group's profits for 1991 by Smith New Court*, securities house. The price is now below that paid by Hanson for its 2.8 per cent stake earlier in the year.

House prices fell overall in 91

HALIFAX, the UK's largest building society, says house *prices are likely to show an overall 2.5 to 3 per cent fall in* 1991 — the first such calendar-year decline since the society started its house-price index in 1983. Prices fell by 0.8 per cent in November *compared with the previous* month.

The graph, which shows the Halifax index for all houses and buyers over the past five years, indicates that prices peaked in the third quarter of 1989 when the index reached 227.3. Halifax predicts that prices will remain weak before edging up in the second half of 1992.

The Halifax index is contradicted by the Nationwide Anglia house price index which shows a 1 per cent increase for November over the previous month. John Hutchinson, Nationwide's retail operations director, said: "The November increase follows four successive months of house price falls and so it would be wrong to read too much into a single month's increase in prices."

Revenue residence rules

The Inland Revenue has published a statement of practice explaining how the ordinary residence of an individual who comes to the UK not intending to stay for three years or more is determined. In these circumstances, ordinary residence *will normally* apply from the beginning of the tax year after the third anniversary of the person's arrival in this country both for those in employment here and for others. For further information, contact Miss Sheila Adey, Inland Revenue, Claims Branch (International), St John's House, Merton Road, Stanley Precinct, Bootle, Merseyside L69 4EJ.

Smaller company shares tumble

Down, down, deeper and down went the prices of small company shares this week with the Hoare Govett Small Companies index (capital gains version) dropping 3.2 cent to 1183.27 in the week to December 5 and the County Small Companies index declining 3.1 per cent to 956.9 over the same period.

National Savings and tax

Not all National Savings products are free from tax as we inadvertently stated last week. Investment accounts, income bonds, capital bonds and ordinary accounts (except on the first £70 of annual interest) are taxable.

Wall Street

A gruesome start to the season of goodwill

CHRISTMAS cheer was in extremely short supply on Wall Street this week as a succession of gruesome economic statistics intensified fears of a double dip recession.

*The worst figures came yes*terday when the much-awaited jobs statistics for November showed the unemployment rate unchanged at 6.8 per cent, but a 241,000 drop in non-farm pay-rolls, far greater than the market expectations of a mere 30,000 dip. The figures were so bad that they prompted the Federal Reserve into an immediate quarter point easing of interest rates.

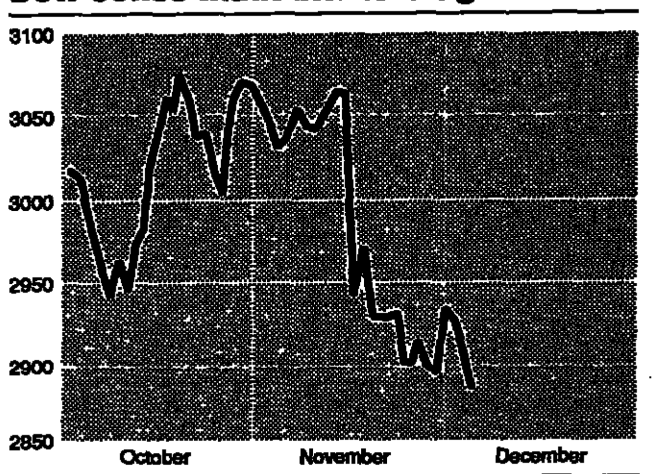
All this helped rally the bond market, while stocks more or less held their own in morning trading, but further consideration of the economic fundamentals could push stocks down over the next week or so. For the US seems more than ever in danger of slipping back into recession, *or of the economy moving* sideways for months to come.

Earlier in the week, and much to Wall Street's surprise, the Commerce Department revised downward its estimate of third quarter growth in gross domestic product – from an annual rate of 2.4 per cent to 1.7 per cent. Meanwhile the Federal Reserve's Beige Book of regional economic trends spoke of "*flagging momentum of recovery in* October and early November."

Crucial to any hopes of an early bounce-back is better consumer confidence, and early reports of Christmas retail spending give little grounds for optimism.

In Washington, the politicians are growing more and more anxious about the state of the economy as they head into a Presidential election year, and President Bush is promising to unveil a package of measures in next month's state of the union address. The expectation is that there will be some form of tax relief for the middle class. But the administration, anxious not to spook the capital markets again, is stressing fiscal *restraint*. And with the federal budget deficit in the current fiscal year now estimated at $360bn to $375bn, the President's room for manoeuvre is strictly limited.

Dow Jones Industrial Average



All this gives support to those pessimistic analysts who have been saying for a year or more that the US is going through a fundamental economic *shake-out after the* financial excesses of the 1980s and that this process will not be rushed, or greatly affected, by band-aid policy measures.

Wall Street brushed this argument aside for much of the past year, but the sharp 120-point drop in the Dow Jones Industrial Average on November 15 seems to have changed the market's psychology. It now seems more inclined to pay attention to bad news, and this week traded for a considerable time below the 2900 barrier which has held for months past.

Yet at current levels the market still looks vulnerable if a recovery in earnings growth *is delayed long into* next year. IBES, which charts analysts' forecasts, points out that the past month has seen an acceleration in cuts of estimated 1992 earnings.

Two events dominated corporate news during the week. One was the announcement by International Business Machines of a plan to overhaul its worldwide operations and make its units increasingly *autonomous. The first steps* include the formation of an independent company to take over its computer printer operations and another which will be responsible for its data storage products.

According to John Akers, the chairman, these units will be models for the future structure of the group. The aim is to make the business less bureaucratic and more rapid in its response to changing market conditions.

While the goal may be worthy, Wall Street remains sceptical that IBM can achieve it. Analysts fear that the company, which has undergone several reorganisation plans over the past few years, may still be too gradualist in its *approach to change, and may* find it hard to fundamentally change its culture.

So for all the fine words, its stock spend the week trading around $90 – its lowest point in eight years.

The week's second big corporate event concerned the demise of another long-time giant of US industry. Pan Am, the airline, finally stopped flying. A court hearing which was *supposed* to mark its re-emergence from bankruptcy instead turned into an administration *of last rites* when Delta, one of the big three US airlines, withdrew from a complex rescue plan and refused to provide any more loans to plug Pan Am's deteriorating finances. Its last substantial assets - its routes to Latin America and the Caribbean - will be auctioned tomorrow.

Monday	2935.38	+ 40.70
Tuesday	2929.56	– 5.82
Wednesday	2911.67	– 17.89
Thursday	2889.09	– 22.58

Martin Dickson

The Bottom Line

Cannon Street Investments: an 80s story

THE boardroom coup last week which unseated Bill Hislop as chairman of Cannon Street Investments, gave an ironic twist to an otherwise impressive career.

Hislop, suddenly replaced as chief executive by his managing director, Robin Binks, formerly of SG Warburg, is the *man widely credited* with bringing Cannon Street back from the brink of extinction and building it into a stock market favourite.

In the past few years, however, the mini conglomerate *has been beset by falling earn*ings, mounting debt and a shrinking asset base. All have combined to bring its share price plummeting from a high of 400p on August 3 1987 to a low of 20p. The group issued a *profits warning*, *announced* Hislop's departure and said it was likely to pass the final dividend.

Cannon Street's history as a reincarnated investment vehicle was typical of the go-go 1980s.

Having seen it through a major reorganisation, which gave *National* Westminster Bank 64 per cent of the shares, by 1985 Hislop successfully repaid the group's debt, bought out NatWest and refloated the company on the USM.

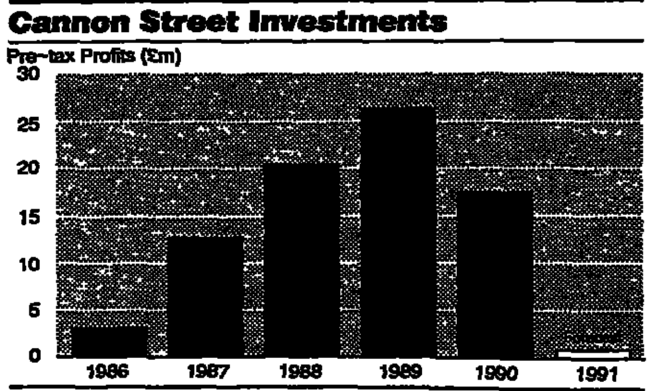
The group charged ahead in its ambition to grow, making no fewer than 13 acquisitions worth £25m in the next two years. By the end of 1988, *mar*ket capitalisation had climbed back up to £180m.

So far, so good. Profits were growing steadily, the City loved Hislop and his nifty group and earnings growth *seemed unstoppable. But the* bull market was not to last. At that point Hislop made the mistake of throwing two cherished rules to the winds.

He had originally intended the group to be an asset-light, *lowly-geared operation*, driven by earnings growth. But Cannon Street stayed on the acquisition trail even duringrecession. Hislop, who professed to be averse to debt, eventually turned to the banks for funds *just as the days of easy* credit were coming to an end.

Cannon Street Investments

Pre-tax Profits (£m)



At the same time, he began building the leisure businesses within the group, which committed large sums to capital spending.

Since 1989 Cannon Street has invested about £30m in its hotels and leisure businesses. Last year, the group blamed the rise in total borrowings to £107m in part on its decision to invest in its leisure developments. By then net assets had shrunk to £26.4m, partly as a result of its need to write off goodwill on acquisitions. Borrowings came down to £57m with a rights issue and a preference share placing. They *have crept* up again – to £73m at the end of November – because of smaller than expected profits and high working capital requirements. Gearing is close to 300 per cent.

So far, Cannon Street has *not* been able to wholeheartedly pursue its original intention of floating its subsidiaries. *Its* offer for Betacom, the only one of Cannon Street's subsidiaries that has been floated *so far*, which was launched one day before British Steel in the autumn of 1988, was coldly received and 37 per cent of the issue was left with the sub-underwriters.

Even after that disaster Hislop insisted that the group's strategy of buying small companies for future flotation would not change.

With hindsight, it would be easy to say that Cannon Street's strategy was flawed in being out of step with the times. City analysts are largely agreed on the underlying strength of the group's subsidiaries. Cameron House resort on Loch Lomond draws glowing praise, while the Altai electronic components catalogue business has a strong reputation in the industry.

Investors could be forgiven for expecting better management direction and some benefits to the subsidiaries through synergies.

Binks, who left his job as a Warburg director to join the group just over a year ago, has tried to make it clear that Cannon Street is changing tack, with a more hands-on and focused management style.

Flotation is a *future* possibility but not a priority. The plan is to bring gearing down through disposals of asset-based businesses, mainly hotels and leisure centres.

The group has warned, however, *that there are likely* to be asset write-downs on property. The big question for investors is whether that plan is viable.

"Cannon Street is not out of the woods yet," says one *analyst* who *thinks* there is still a 30 per cent chance that it might go under.

There is also the question *of* Binks, who, as one of the architect's of Isosceles' unhappy £2bn bid for Gateway, *has* a track record that may not be particularly comforting in today's more cautious environment.

Michiyo Nakamoto

Four strong cases for the long view

Which unit or investment trust should you choose? Four experts put their views to ***Philip Coggan***

THE UK stock market is in a depressed mood. The recession is dragging on, the problems of the pound may *lead to an interest rate rise*, and 1992 will see a general election which the Conservatives could lose. As a result, share prices have dropped, with the FT-SE 100 index hovering around 2,400 compared with the 2,680 touched in September.

For private investors, though, these problems could be an opportunity if they are prepared to take a long-term view – say, over five years.

All too often, individual investors are lured-in at the top of a bull market when share prices are at their highest. They then watch aghast as prices fall and sell their shares just when the market hits bottom.

As 1991 ends, there is still scope for share prices to fall further, although just when they will reach bottom cannot be predicted. But there are clear indications that this is a good time for long-term investors to get into the market. One prime example is the dividend yield on the FT-A All-Share index, which is now both over 5 per cent *and* higher than the rate of inflation – traditional signs that shares are good value.

A big worry for private investors, however, is picking *the wrong company, as the* troubles of Maxwell Communications has emphasised. The best way to avoid that problem is to buy via a collective fund, such as a unit or investment trust, that puts money into a wide range of shares.

Accordingly, we asked four experts to recommend investment or unit trust portfolios for someone with £20,000 to move into equities. These are *not portfolios which are going* to double overnight, but the aim is to beat building societies over a five-year period.

■ **MICHAEL SCOTT, investment manager of Hargreaves Lansdown:**

"Next year, we envisage interest rates and inflation falling around the world and, as a consequence, stock markets rising sharply from current *levels*.

"This bodes particularly well for the UK market, where dividend yields currently stand at historically high levels. However, substantial dividend increases over the coming year seem unlikely, although a 5 per cent increase from the market as a whole seems reasonable.

"Under these conditions, geared-income shares (also known as hybrid or ordinary income shares) look particularly attractive as they offer very high dividend yields and are geared to a recovery in the UK market. The prices of some geared-income shares have fallen so much recently that they now have higher yields than many conventional split-level income shares which, over their lifetime, guarantee investors a capital loss.

"We would recommend a *geared-income portfolio based* around the following shares; Gartmore Value, City of Oxford, M&G Income, and Fleming International High Income.

"The overall gross dividend yield on the portfolio is just over 16 per cent and the portfolio is structured to pay dividends in each month of the year. All the underlying portfolios are well-managed and *consist predominantly of UK* blue-chip equities, although M&G Income would give exposure to UK smaller companies and Fleming International to blue-chip stocks overseas. The average life of the trusts within the portfolio is 5.5 years and the overall asset gearing is currently 3.03 times.

"A final point to note is that if the shares within the suggested portfolio attained their recent highs, an investor would see a capital return of over 24 per cent in addition to a very high dividend income."

Hargreaves Lansdown portfolio

	Cost(£)
City of Oxf Inc	5,000
Gartmore Val IT	5,000
M&G Income IT (gd)	5,000
Fleming Int HiInc	5,000
Total	**20,000**

■ **RICHARD BOYTON, of Boyton Financial Services:**

"While the UK market may fall further, there are certain funds which could prove very rewarding buys when the market turns. Firstly, two funds with the majority of their assets invested in the FT-SE 100 index: TR City of London Investment Trust (yield 5.6 per cent) and Lazards UK Income Fund (5.59 per cent).

"There are large numbers of smaller companies on above-average yields with the potential for substantial growth. The following trusts could prove even more rewarding: F&C Smaller Companies (2.2 per cent) and Moorgate Investment Trust (5.2 per cent).

"The following unit trusts also fall into the same category with the majority of their assets outside the FT-SE 100 index: James Capel Income fund (5.18 per cent), M&G Extra Yield (7.18 per cent), M&G Dividend (6.79 per cent), Newton Income (5.75 per cent), Perpetual High Income (5.82 per cent) and GT Smaller Company Dividend (6.01 per cent).

"Anyone purchasing these funds in the near future should be able to look back in 12 months' time on handsome returns of both income and capital although, in my view, the funds should be a strong hold over the next two to three years."

Boyton portfolio

	Cost(£)
TR City of Lon IT	2,500
Lazards UK Inc	2,500
F&C Sm Co IT	2,500
Moorgate IT	2,500
Four of six from	
James Capel Inc	2,500
M&G Extra Yield	2,500
M&G Dividend	2,500
Newton Inc	2,500
Perpetual High Inc	2,500
GT Sm Co Div	2,500
Total	**20,000**

Only four of the six unit trusts to be chosen

■ **BRIAN TORA, of Greig Middleton:**

"City & Commercial Trust capital shares offer a 'double whammy.' The trust invests in UK investment trusts, stands at a discount to net asset value of over 10 per cent, and has a gearing factor of over two. Thus, if the market rises 10 per cent, the gain on the shares would be something like 22 per cent. The trust is due to be *liquidated in February 1993*.

"Whitbread Investment Trust is on a discount of around 16 per cent at the current share price. There is a large holding of Whitbread (55 per cent), but it does have stakes in other brewers and we rather like Whitbread at the moment.

"Of all the overseas markets, Japan probably looks the most interesting, even if confidence *is rather fragile. GT Japan* stands close to asset value at its present price, which still makes it cheaper to purchase than a unit trust. Moreover, it has an unrivalled management record in Japan over the longer term.

"TR Pacific Investment Trust is on a discount of about 18 per cent at its present price. The record is excellent and, if I am right about Japan, the Pacific markets will recover also.

"Securities Trust of Scotland *is standing on a discount of* only 1 per cent at its current price. The trust is 68 per cent invested in the UK, the rest being spread around the world, and has an excellent dividend and capital growth record."

Greig Midd portfolio

	Cost (£)
City & Comm (cap)	3,940
Whitbread IT	3,980
GT Japan IT	3,940
TR Pacific IT	4,050
Sec Tr of Scot	4,090
Total	**20,000**

■ **PAUL KILLIK, of broker Killik & Co:**

"We have constructed a portfolio which would be approximately 70 per cent invested in *the UK market, mostly in the* large capitalisation stocks but with an interest in smaller companies.

"TR City of London, Scottish Cities and Aberforth are all exclusively UK-invested. Second Alliance and Bankers are about 50 per cent UK and overseas.

"The average weighted discount of the portfolio amounts to about 8.5 per cent, which more than covers all the dealing expenses, thereby ensuring a net discount after costs. The average annual management charges amount to over £160, or 0.8 per cent of the asset value – comparing favourably with the average costs associated with unit trusts. The relatively low level of management charges allows a higher level of income to be distributed and the average yield is 4.3 per cent.

"*The portfolio is weighted* toward the UK market – reflecting my view that our market offers some of the best long-term value in the world – and also ensures that the investor does not greatly mismatch assets and liabilities."

Killik portfolio

	Cost (£)
2nd Alliance Inv Trust	4,000
TR City of London IT	4,000
Scottish Cities IT	4,000
Bankers Trust	4,000
Aberforth SmCos IT	2,000
F&C Eurotrust	2,000
Total	**20,000**

UTA angles for BT investors

THE UNIT Trust Association is trying to persuade investors to switch their allocations in BT and other privatised shares into the trust sector.

Investors who ring a special telephone number* will be sent a brochure giving details of three unit trust groups willing to exchange trust holdings for shares. The three companies will be chosen at random from *a list of nine: Brown Shipley*, Crown, Fidelity, Framlington, Invesco MIM, Prolific, Prudential, Scottish Equitable, and Societe Generale Touche Remnant.

Shares in all privatised companies will be acceptable but you will have to exchange shares equivalent to the minimum allocation level set in the BT offer. Most companies seem willing to waive their normal minimum investment levels (£500 to £1,000) but you will need to check.

Dealing charges will vary from group to group; some will exchange shares free. You will, however, face a bid-offer spread when buying into the trust. This means that you pay the offer price – say, 100p per unit – but if you sell the units immediately, you will receive only the bid price of, say, 95p.

This spread normally will vary between 5 and 7 per cent, which means that your investment will have to grow by that percentage before you get your money back. So, the deal is only for those prepared to invest for the long term.

The Unit Trust association's brochure, which will be sent to all investors, shows how well trusts have done over 10 and 15 years but does not give figures for the past five years, when the average trust lagged behind the building societies.

There is, however, a respectable argument that a unit trust portfolio can offer private investors greater diversification than the ragbag of utilities and others which have been privatised.

Most of the companies are offering only one or two trusts each – mainly UK growth and income funds – as exchange vehicles. Prudential is the exception, giving investors its full range of 16 trusts to choose from. Whichever trust they choose, prospective investors should ask to see long and short term performance records.

* *0483 461010. Calls are charged at normal BT rates.*

Philip Coggan

Substantial shares for small investors

SMALL investors in BT are likely to receive a substantial proportion of the shares they applied for, after the offer closed 2¼ times subscribed.

There were 2.7m public applications in total for an average of 600 shares apiece. This will involve some limited scaling down of applications, with the full details announced on Sunday. Take-up of the offer was rather disappointing, given that about 5.25m individuals had registered.

It seems the complex structure of the offer, with private investors being offered a discount to the institutional price, may have deterred some people. Bill Houghton, operations director at Wise Speke, the stockbroker, says that "quite a percentage of the public have found the issue confusing and have left the offer alone."

Nevertheless, there is still the prospect of a healthy premium when shares start trading at 8.30 on Monday morning. Houghton expects a 25p-30p premium on the first instalment price of 110p while IG Index was indicating a bid-offer spread of 131¼-133¼p.

Share certificates will not arrive until December 18, but if you wish you can sell your shares immediately, at your own risk, through one of the eight share shops if you have registered with one. The Skipton Building Society is also offering a cut rate deal of £5, with an extra £1 each for up to three family members.

Philip Coggan

Don't let your cover cost you an arm and a leg

Andrew Anderson's guide to good ski insurance

SKI RESORT owners in the US all have a recurring nightmare about a particular type of skier. Let us name him Alvin P. Wackenbacker III, for short.

Wackenbacker cannot ski. Indeed, Wackenbacker, who hails from Cactus Gulch, has never even seen snow.

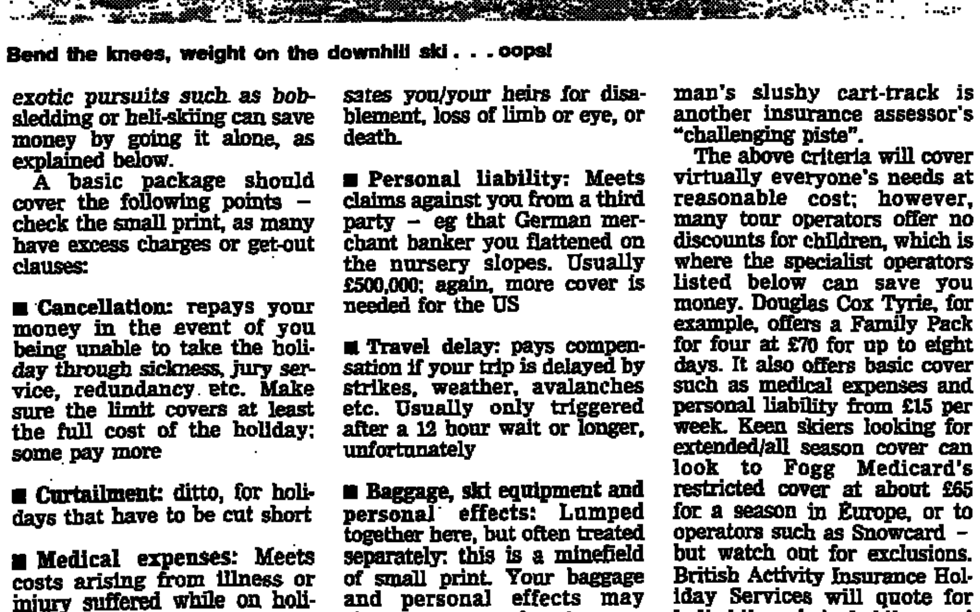
That, however, does not stop him from taking a skiing holiday alone and un-instructed, hitching a ride on the fastest lift, hopping off at the top by a sign saying "Experts ONLY", climbing a fence, ignoring a placard saying "Danger – precipice. DO NOT proceed beyond this point" and another one proclaiming "Beware of the LEOPARD" – and launching himself blissfully into space.

From his hospital bed Wackenbacker sues the ski resort for negligence for not telling him *specifically* that cliffs can seriously damage his health. The court awards him damages of $1m: after *all, everyone knows* that the insurance companies will eventually foot the bill – and who cares about them? Wackenbacker retires to Death Valley. And everyone else's premiums go up . . .

It is not quite that bad, but a somewhat cavalier attitude to personal responsibility certainly accounts for a large slice of the high cost of skiing cover in the US, which can be up to double that *of an equivalent* policy for Europe. The Prudential, for example, charges up to £90 for 17 days' skiing in America.

However, ski insurance is essential. Although more modern equipment means fewer broken legs, knees are still twisted, thumbs bent, cartilages ruptured and bottoms bruised. Even experts can do little if a 200 lb beginner decides to use them as an emergency stop. Then there is all that costly equipment to break or lose – and even the risk that the only snow in your resort will be that shown on the postcards.

Most "package" skiers will take – indeed, may be obliged to take – the insurance offered by their tour operator. This is not such a bad deal for single *adult skiers: package* companies often deal through winter sports specialists, and the premium is usually only a pound or two higher – usually between £22 and £30 for 10 days in Europe. However, families, or skiers wanting long-term cover, or those intending to try *exotic pursuits such as* bob-sledding or heli-skiing can save money by going it alone, as explained below.



Bend the knees, weight on the downhill ski . . . oops!

A basic package should cover the following points – check the small print, as many have excess charges or get-out clauses:

■ **Cancellation:** repays your money in the event of you being unable to take the holiday through sickness, jury service, redundancy etc. Make sure the limit covers at least the full cost of the holiday: some pay more

■ **Curtailment:** ditto, for holidays that have to be cut short

■ **Medical expenses:** Meets costs arising from illness or injury suffered while on holiday. Many countries have a *reciprocal agreement with the* UK's National Health Service – see DHS leaflet SA30 for details. However, this is often bureaucratic, and the cost of mountain rescue (horrendous if you have to be helicoptered off the slopes) is not covered; also, many European ski clinics tend to be privately run. You need cover of at least £500,000, and £1m in the US. Watch out for get-out clauses on off-piste skiing especially carefully

■ **Hospital benefit:** Pays a (usually meagre) sum per day you are in hospital

■ **Personal accident:** Compensates you/your heirs for disablement, loss of limb or eye, or death.

■ **Personal liability:** Meets claims against you from a third party – eg that German merchant banker you flattened on the nursery slopes. Usually £500,000; again, more cover is needed for the US

■ **Travel delay:** pays compensation if your trip is delayed by strikes, weather, avalanches etc. Usually only triggered after a 12 hour wait or longer, unfortunately

■ **Baggage, ski equipment and personal effects:** Lumped together here, but often treated separately: this is a minefield of small print. Your baggage and personal effects may already be covered under your *house contents/all risks policy*, but ski equipment is often excluded. Some policies pay the full cost of replacing broken/stolen skis, others pay only the "fair market value", or for repairs. Some only pay up to £200 on a single item – not enough to cover many hot-shot skis. Many cover hiring new equipment – but only up to £10 a day. *Caveat emptor*

■ **Snow cover:** necessary given the run of poor Alpine seasons. Meets cost of transporting you to other resorts should yours be judged un-skiable because of poor snow, or pays cash compensation per no-ski day. It can be hard to trigger: one man's slushy cart-track is another insurance assessor's "challenging piste".

The above criteria will cover virtually everyone's needs at reasonable cost; however, many tour operators offer no discounts for children, which is where the specialist operators listed below can save you money. Douglas Cox Tyrie, for example, offers a Family Pack for four at £70 for up to eight days. It also offers basic cover such as medical expenses and personal liability from £15 per week. Keen skiers looking for extended/all season cover can look to Fogg Medicard's restricted cover at about £65 for a season in Europe, or to operators such as Snowcard – but watch out for exclusions. British Activity Insurance Holiday Services will quote for heli-skiing, bob-sledding and even ski-jumping.

Whichever policy you choose, you MUST get insurance – accidents do happen. One friend was injured even before he reached the slopes – his head was cracked open by a swinging toilet door at London's Gatwick airport while he was queuing for a Geneva flight. He was insured – but too embarrassed to claim . . .

■ **Useful numbers:** Douglas Cox Tyrie 081-534-9595; Fogg 0623-631331; Bishopsgate 0703-635111; Snowcard 0732-742034;. British Activity Insurance Services 0892-534111; Hayman Jackson 0730-60222; Norwich Union 0603-63200.

FINANCE AND THE FAMILY

Home income code

PROVIDERS OF home income plans have clubbed together to try to restore the reputation of a sector which has been hit by repeated scandals.

Five companies - Allchurches Life, Allied Dunbar, Carlyle Life, Home & Capital Trust and Stalwart Assurance - have produced a Code of Practice which they will agree to follow when dealing with clients. (Allied Dunbar is endorsing the plan but has withdrawn from the market.)

Companies have agreed to provide clients with "a fair, safe and complete presentation of their plans" spelling out costs and the potential effects of taxation and a decline in house prices.

The client's solicitor will have to sign a new certificate before any plan is completed. This certificate states that the solicitor has drawn the client's attention to six key points, which includes the potential reduction in value of their estates, especially in the event of early death.

Those who have lost money through such plans have mainly done so through investment-linked schemes, which required people to mortgage their homes and invest the proceeds in a bond. The idea was that the bond would grow in value, so that not only was the mortgage interest paid but extra income would accrue to the homeowner.

The flaw in such schemes was the combination of higher interest rates and lower share prices. The income from the bond became insufficient to meet the mortgage payments; thus payments ate up the capital value of the bond, which was also being reduced by the declining stock market.

Such schemes should no longer be sold, following actions by regulators Fimbra and Lautro. Instead, home income plans now fall into two main categories. In the first, the home is mortgaged and the proceeds used to buy an annuity; the income from the annuity should be sufficient to meet the mortgage payments and provide additional income for the homeowner on top. In the second type of plan, a so-called "reversionary" scheme, the homeowner sells part of the value of his or her house for cash (at less than the market rate) which is then invested to earn income.

Philip Coggan

An Adviser's View

With-profits bonds back in favour

INVESTORS are in a dilemma. The fall in interest rates has raised doubts as to whether it is worthwhile to keep money on deposit. Returns are a lot lower than they were a year ago, even though inflation has fallen. But where do you go for a better return, without too much extra risk?

The yield on shares (around 5 per cent) provides a competitive return, with the prospect of capital growth. However, risks are increased and small investors remain suspicious about the stock market. The October 1987 crash has not been forgotten. In spite of the upward trend in most stock markets during the past four years, there seems to be more day-to-day volatility.

It has been a frustrating time for investment companies trying to tempt investors back into the stock market. However, one sector - with profits bonds - has been booming. Such bonds seem to offer a good compromise, since they can provide a return above building society rates and a "safe" route into the stock market, with much reduced risk.

Indeed, some insurance company salesmen have been talking about guaranteed returns and complete safety. They have attempted to persuade investors that with-profits investment bonds are directly competitive on a short-term basis with building society deposit accounts, which is not the case.

With-profits is a confusing term. It means that the return on the money invested is paid in the form of bonuses - reversionary and terminal in the jargon - decided by the actuaries. These profits come from a central fund managed by the insurance company and the bonuses reflect the investment performance of the central fund - but they also take into account other factors, such as future liabilities.

In theory, you should never lose money on a with-profits investment. But there are catches.

For a start, there is the spread between the buying and selling price of the units, which is used to pay the company's charges, including commission to intermediaries. This spread is reduced for larger investments and can be cut still further by intermediaries charging fees and foregoing commission. Nevertheless if you sell after a short period you would probably not recoup your original outlay.

Furthermore, with unitised with-profit bonds, a potential danger often lurks in the small print. This is the inclusion in the policy terms of market value (or level) adjusters. These "adjusters" are a fall-back for the insurance company in the event of a big drop in the market.

So although the reversionary bonuses paid each year cannot be taken back, the adjusters can be used to reduce the value of the units should there be a market collapse.

There is no cast-iron guarantee either about the cash-in value or the annual rate of return. Recently most of the leading sellers of with profits bonds have been quoting rates for their annual reversionary bonuses of around 9 per cent, plus, in some cases, an additional terminal bonus paid after the first year.

Compare these with current building society rates and they look pretty good. But they are not guaranteed until they are paid and even then can be undermined by the market value adjuster.

Bonus rates can be adjusted at any time, and a mixture of reversionary and terminal bonuses is used to calculate a total return.

The Prudential has been quoting a reversionary bonus on the low side of 9.25 per cent but making up the total return to 12 per cent by adding on a terminal bonus, 2.75 per cent. This is credited each year for the duration of the policy, although not paid until the policy is cashed. Equitable Life has an annual reversionary bonus rate of 7.75 per cent, with a terminal bonus of 3.72 per cent compound, to give a total bonus of 11.47 per cent.

> *There is the prospect of growth in the value of capital*

The alternative is to offer a higher reversionary bonus but to delay or leave in abeyance any decision about the terminal bonus. Equity & Law has a starting reversionary bonus of 9.75 per cent, but no terminal bonus for at least the first two years of the policy and General Accident might pay a terminal bonus after five years. Norwich Union reduced its reversionary rate some months ago from 10.5 to 9.75 per cent, but added the possibility of a terminal bonus which has yet to be declared.

Sun Life adopts a different approach. It currently pays a reversionary bonus of 9.75 per cent and a terminal bonus of 10 per cent of the attaching bonuses for each year the policy is in force, up to a maximum of 80 per cent.

Add in the different allocation rates for the original investment and you have confusing picture. The future performance of the stock market will have a big influence on the rates paid and in particular on whether companies will add terminal bonuses.

It is rather misleading to make direct comparisons with the interest rates paid on deposit accounts. They are very different.

For a start the method of obtaining income is not comparable. With a deposit account you are paid the interest earned, normally after deduction of standard rate tax. With investment bonds you are entitled to withdraw up to 5 per cent a year of the original investment "tax free", by encashing units, for up to 20 years. So if you put in £50,000 you can draw out £2,500 a year (carried over if you do not use the allowance).

It is not really tax-free, since the insurance company has already paid corporation and CGT on the fund, and you will eventually have a tax liability on any withdrawals when you cash in the bond.

You can draw out more than 5 per cent, but there is a liability to tax at your marginal rate if the cumulative withdrawals exceed the accumulated allowances. If you take out too much you could lose capital by cutting the size of your original investment.

There is the prospect of growth in the value of the capital, which is not available with building society deposits. But this depends on the stock markets and the investment skills of the company.

With-profits bonds offer a more secure investment than unit-linked funds since the insurance company "smooths out" the annual rate of return over the years. But if the stock market performs well, unit-linked funds should do better.

Actuaries, who fix the bonus rates, have traditionally tended to ensure the company is able to meet its commitments and, of course, your investment is part of a central fund from which the company takes all kinds of charges and expenses. It also has to keep a reserve to meet future liabilities.

Some commentators believe that the days of with profits policies are numbered, since the need to keep reserves trims the profit margins and it seems illogical to sell unit-linked policies in competition.

For the moment, however, with-profits bonds are back in favour. It is extremely unlikely you would lose money and the reduced element of risk is for many people adequate compensation for the possibility that they might not reap the full benefit of any stock market rise.

John Edwards

■ *John Edwards is investment consultant with Kidsons Impey Financial Services in Hereford.*

Checked out

CHELTENHAM & Gloucester Building Society is washing its hands of the plight of a Weekend FT reader, whose £1,000 cheque was intercepted in the post and cashed by a complete stranger at a C&G Branch.

Joan Hodes sent a Midland Bank cheque for £1,000 to her daughter, Charlotte, in August and, when it had not been received within seven days, she stopped the cheque.

However, the cheque had already been deposited and cashed at a C&G Branch, via a special express clearance system, and the money withdrawn. The cheque had been endorsed on the back, with a signature unlike Hodes' daughter.

As we have pointed out, there is no mechanism for verifying the signature on an endorsed cheque, if the signatory is not an account holder of the institution concerned.

C&G says it had no reason to suspect anything amiss. The cheque was paid in through an existing account with an established customer. Nevertheless, C&G has since stopped its system of express clearing.

The society says it is not liable for Hodes' £1,000 and that her only possible course of action is against their customer. The latter has told police that he cashed the cheque for a woman he knew socially, with whom he has since lost contact.

The customer told police that he had phoned C&G to ask them how to clear a cheque. He added that C&G staff had told him to make sure that the owner's signature and address were on the back of the cheque. When it was cashed, no address appeared.

The Consumers Association has advised that people should cross out the words "or order" on cheques and replace them with "A/c payee only" to prevent cheques being endorsed to a third party.

Philip Coggan

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
AmBrit	5½*	7	4	3.61	Pittencrieff
Atlantic Res	2.5	2	2.25	6.62	Conroy Pet
Beazer	107§§	113	83	301.15	Hanson
Cityvision	48* ♦	48	25	67.9	Blockbuster UK
Do. 8.5% Cnv Pf	80* ♦	88	66	7.1	Blockbuster UK
Edbro ‡	270*	265	140	24.22	Marrel
Geers Gross	35*	34	33½	5.30	Publicis
Harrison Inds	9.2	71	59	11.22	Antares ♣
Hawker Siddeley‡	715§ §§	720	640	1.41bn	BTR
New England Props	17§ §§	16¾	14	11.79‡	TR Prop Inv Tst
Racal Elect.	43½§	51	51	800.40	Williams Hldgs.
Ritz Design	200††	198	185	18.03	Stirling Group
Sterling Trust	41§	57	56	10.79☆	Robert Fraser
Sun Life Corp	1160*§	1143	1136	316.96♠	Rockleigh Corp.
Tellos	115*	113	63	46.02	Jenbacher
Ultramar	288§§	270	277	1.07bn	LASMO
Wilding Office Eq	20	22	27	3.67	Pentos

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 6/12/91. †At suspension. §§Shares and Cash. ‡ For 70.18% not already owned. ♠ For 40.2% not already owned. ♦ Or alternative of 1 Blockbuster share valued at 50p for each Cityvision ord. share, and at 83p for each Cityvision pref. share. ♣ Reverse takeover. ☆ For 49.5% not already owned.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)
Airtours	Sept	27,600	(8,300)	98.71	(26.76)	23.0(8.25)
Avon Rubber	Sept	965	(10,600)	1.0	(30.8)	16.5 (16.5)
Bass	Sept	508,000	(535,000)	92.7	(107.0)	35.8 (32.4)
Control Techniques	Sept	4,150	(7,430)	7.7	(19.0)	6.5(6.5)
Dobson Park Industs.	Sept	13,100	(19,500)	7.05	(11.32)	5.75(5.75)
Dundee & London	Oct	1,900#	(2,030#)	11.32	(12.06)	12.0(12.0)
Eldridge Pope	Sept	1,100	(1,760L)	5.53	(8.91)	2.64(4.1)
Faber Prest	Sept	3,100	(4,830)	12.58	(34.55)	8.8(12.0)
Grand Metropolitan	Sept	963,000	(919,000)	66.1	(64.1)	22.7 (20.4)
Hanson	Sept	1.31bn	(1.28bn)	20.0	(19.6)	11.0 (10.4)
Leeds Group	Sept	4,110	(4,010)	25.0	(25.2)	9.75 (9.25)
Lombard North Central	Sept	3,200	(33,200)	12.8	(14.7)	- (-)
M&G Group	Sept	39,200	(35,730)	38.1	(32.08)	16.0(17.0)
Murray Enterprise	Sept	400	(6 L)	4.36	(-)	- (-)
Perpetual	Sept	2,940	(1,720)	7.95	(4.97)	3.2(2.5)
Quality Street	Mar	222	(349 L)	-	(-)	- (-)
Radio Clyde	Sept	1,400	(2,170)	12.4	(22.0)	8.25 (8.25)
Regina Health	Aug	605 L	(4,700 L)	-	(-)	- (-)
Trafalgar House	Sept	122,400	(161,500)	8.7	(12.5)	18.4 (18.4)
United Drug	Sept‡	2,690	(2,380)	15.88	(14.42)	6.25(5.75)
Westland	Sept	28,700	(26,200)	11.0	(10.4)	4.0 (3.75)
Whessoe	Sept	7,400	(6,510)	25.9	(22.8)	7.2 (6.25)

Halifax account wrangle

"WHEN is a building society instant access account not an instant access account?" asks a Halifax depositor who discovered the answer was, "when it's a Halifax Instant Xtra account."

The depositor opened a joint account in August on the understanding that he would have immediate access to the money, as described in the Halifax's promotional leaflet which states: "Your money is instantly available whenever you need it, no notice is required and there are no penalties."

He was shocked to receive a letter from head office several months later to inform him that the society had imposed 28 days notice of withdrawal on his account. "In effect, they impounded our life savings for a month," the depositor said.

The Halifax referred him to a copy of the society's rules which state: "the Board may at any time and from time to time and without notice limit the amount that may be withdrawn from the Society in any month by investing members."

The depositor had never heard of this rule and it would be surprising if he had, since it is tucked away in a document which is only available on request.

The Instant Xtra Plus account is a high interest account, which currently pays out 10.7 per cent gross on balances of over £50,000. The depositor had moved sums of just under £90,000 three times in the four months of the account and believes this to be the reason that the 28 day notice was put on to the account.

A representative for the Halifax said, "This is an account where our Security and Investigations Department have easily identified that the customers are not using their account in the way that a savings and investment account with a building society is intended to be conducted. The customer is switching very substantial funds between institutions and not maintaining a permanent balance. This practice is clearly unacceptable and we were left with no alternative but to invoke a last resort rule requiring notice for withdrawals to prevent further abuse. We would prefer that this sort of business is taken elsewhere."

Halifax has invoked the rule fewer than 10 times this year.

"I don't think they are being reasonable," said the depositor who is aggrieved that the Halifax never made it clear that it expected a permanent balance to be maintained, instead promoting the "instant access" side of the account.

He is also annoyed that the action Halifax took against him was to prevent him from being able to reach his money for 28 days and that they did not give him a satisfactory explanation, other than to mention "the transaction activity of the account."

"People need to know the ground rules for this sort of account; the society should make the conditions clear," he said. Building societies have radically changed their operations to compete more directly against banks but Halifax's response would suggest that it regards itself more as a savings institution than a bank.

Scheherazade Daneshkhu

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Northern Rock BS	Eclipse	091 285 7191	60 Day	£50,000	11.61%	Mly
Birmingham Midshires BS	First Class	0800 444109	90 Day	100,000	12.30%	Yly
Bristol & West BS	Bonus Int Bond	0272 294271	1 Year	£25,000	12.25%	OM
Skipton BS	Triple Crown Bond	0756 700500	30.4.92	£10,000	12.60%	Yly
TESSAs (Tax Free)						
Melton Mowbray		0664 63937	5 Year	£1	14.00%	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Northern Rock BS	Current Acc	091 285 7191	Instant	£25,000	10.71%	Mly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0622 690555	1 Year	£25,000	9.00%	Yly
Financial Assurance FN		061 367 6000	2 Year	£5,000	8.90%	Yly
Prosperity Life FN		0622 690555	3 Year	£25,000	9.20%	Yly
Financial Assurance FN		061 367 6000	4 Year	£5,000	8.95%	Yly
Prosperity Life FN		0622 690555	5 Year	£25,000	9.25%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% +Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

All rates (except Guaranteed Income Bonds) are shown Gross
Fixed= Fixed Rate (All other rates are variable) OM= Interest paid on maturity. N= Net Rate. B= Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

The Week Ahead

Brewers expect little change

SCOTTISH & Newcastle's first half pre-tax profits on Monday are expected to be around the same level as last year's £114.5m. Forecasts range marginally each side of the figure, largely depending on estimates of interest charges.

The brewer is generally expected to report a gain in beer market share, helped by its strength in the take-home trade and slightly easier trading conditions in its northern estate.

It has been a tough year for contract catering and analysts are prepared for relatively unexciting figures from Compass Group, the catering-to-health services concern, which is reporting final results for the year to end September on Tuesday.

The environment for catering has remained difficult with volume increases offset by lower spend per contract.

The private hospital business, meanwhile, has seen an increase in the number of patients covered by insurance offset by a decline in the number of self-paying patients.

The departure of the chief executive, however, is not as worrying as it may seem because of the strength of the team remaining.

Analysts are looking for pre-tax profits of £32m (£29.50m) for the year.

Anglo United, the UK fuel distribution group, is expected to announce interim pre-tax profits of £3m (£1.1m) on Wednesday.

After disposals it will have made a pre-exceptional loss of £2m in the six months to the end of 30 September compared to more than £6m in the comparable period.

The Dowty Group, the aerospace components manufacturer, is expected to report on Thursday a 60 per cent fall in profits from £37.1m to £15m for the six months to the end of 30 September 1991. Analysts are looking for a maintained interim dividend of 3.6p.

RESULTS DUE

Company	Announcement due	Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Acatos & Hutcheson	Thursday	1.75	1.75	1.75
Albion	Wednesday	1.4	1.8	1.2
API Group	Thursday	2.75	4.0	2.75
Archer (AJ) Holdings	Thursday	3.15	5.25	3.15
Ashley Group	Tuesday	0.62	1.0	0.75
Baggeridge Brick	Wednesday	0.75	2.37	0.75
Blick	Wednesday	2.5	4.5	2.6
Carlton Communications	Tuesday	5.5	8.56	6.1
Carr's Milling Industries	Friday	1.75	5.75	1.0
Compass Group	Tuesday	3.45	6.9	3.85
Countryside Properties	Thursday	1.41	2.7	1.41
Devenish (JA)	Tuesday	1.05	4.25	1.2
Grainger Trust	Thursday	1.2	4.06	1.2
Granada Group	Wednesday	4.4	7.9	2.5
Greenalls Group	Wednesday	4.0	6.0	4.4
Holmes & Marchant Group	Tuesday	3.3	3.3	3.3
Hunterprint Group	Monday	-	-	-
Johnson & Firth Brown	Thursday	1.0	2.0	1.0
Mining & Allied Supplies	Thursday	-	-	-
ML Laboratories	Thursday	-	-	-
Richards	Tuesday	1.07	2.93	1.07
River Plate & General Inv Tst	Thursday	3.0	5.47	3.0
Sage Group	Tuesday	2.35	4.65	2.7
Shandwick	Tuesday	0.89	2.61	1.18
Strata Investments	Thursday	-	1.32	-
Sturge Holdings	Tuesday	5.5	11.0	5.5
Sycamore Holdings	Thursday	-	-	-
Tilon Holdings	Tuesday	1.03	1.96	1.03
Turkey Trust	Thursday	-	-	-
Vaux Group	Tuesday	2.98	5.78	3.1
Venture Plant Group	Monday	-	-	-
Watson & Philip	Thursday	3.1	8.5	4.0
Wescol Group	Wednesday	1.5	-	-
Wharfedale	Thursday	-	-	-
INTERIM DIVIDENDS				
Abtrust New Dawn Investment	Friday	-	0.5	-
Anglo United	Wednesday	0.2	1.4	-
Assoc. British Engineering	Tuesday	-	0.1	-
Atkins Group	Tuesday	3.6	6.0	-
Ball (AH) Group	Tuesday	2.2	4.55	-
Baker Harris Saunders	Monday	1.0	1.5	-
Berkeley Group	Wednesday	1.5	3.0	-
Booth Industries	Tuesday	0.7	2.5	-
Boscombe Property	Friday	40.0	130.0	-
British Land Company	Tuesday	1.89	3.87	-
Brown Shipley Holdings	Thursday	3.0	6.0	-
Bulmer (HP) Holdings	Wednesday	3.2	5.15	-
Charter Consolidated	Tuesday	7.0	14.0	-
Cray Electronics Holdings	Tuesday	-	-	-
Dowty Group	Thursday	3.6	5.6	-
Elys Group	Tuesday	0.6	1.9	-
ERF (Holdings)	Wednesday	2.0	3.0	-
Feedback	Tuesday	-	0.5	-
Fine Art Developments	Thursday	2.5	7.3	-
Firstland Oil & Gas	Thursday	-	-	-
Fuller, Smith & Turner	Wednesday	2.1	4.0	-
Harland Simon Group	Thursday	2.0	5.5	-
Henderson Highland Trust	Friday	1.4	1.4†	-
Hydro-Electric	Thursday	-	-	-
Joseph (Leopold) Holdings	Thursday	3.1	12.75	-
Learmonth & Burchett	Thursday	0.4	-	-
Manweb	Tuesday	-	11.2	-
Marling Industries	Monday	1.3	2.9	-
M&G Second Dual Trust	Wednesday	13.11	10.67	-
Midlands Electricity	Tuesday	-	10.5	-
MS International	Thursday	1.0	1.5	-
Multitone Electronics	Tuesday	0.75	1.25	-
NMC Group	Thursday	1.25	2.3	-
Norcros	Tuesday	3.5	3.5	-
Northern Electric	Wednesday	-	11.38	-
Plysu	Wednesday	1.35	3.15	-
Reliance Security	Monday	2.2	6.2	-
Rolls & Nolan Computer Serv.	Monday	2.1	3.5	-
Scott Pickford	Tuesday	-	0.5	-
Scottish Power	Thursday	-	-	-
Security Archives Holdings	Wednesday	3.0	5.0	-
Severn Trent	Thursday	5.85	11.7	-
Slam Selective Growth Trust	Tuesday	-	-	-
Smith New Court	Thursday	0.5	8.0	-
South Western Electricity	Thursday	-	10.57	-
Southern Water	Thursday	5.9	11.8	-
Sterling Publishing Group	Thursday	1.5	1.0	-
Stewart & Wight	Wednesday	-	105.0	-
TGI	Monday	2.2	-	-
Tinsley (Eliza) Group	Thursday	1.8	3.4	-
Total Systems	Tuesday	-	-	-
Triplex Lloyd	Tuesday	2.5	4.5	-
TR Technology	Thursday	-	2.2	-
Unit Group	Monday	-	-	-
Wardell Roberts	Wednesday	1.21	1.93	-
Whitecroft	Monday	4.5	5.4	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † = Second interim dividend.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Aberfoyle Holdings	Jun	562	(674)	-	(-)
Acal	Sept	1,520	(2,160)	1.95	(1.8)
Airsprung Furniture	Sept	1,700	(1,350)	2.63	(2.63)
Alba	Sept	1,160	(1,050)	1.0	(1.0)
Allied Colloids	Sept	21,100	(19,400)	0.88	(0.8)
Antares Group	Jun	626 L	(744 L)	-	(-)
Arlen	Sept	527 L	(453)	-	(0.5)
Asprey	Sept	10,930	(11,900)	1.1	(1.1)
Brent Walker	Jul	134,000 L	(n/a)	-	(5.0)
BTP	Sept	8,810	(8,320)	3.1	(2.95)
Cambridge Water	Sept	1,380	(828)	45.0	(-)
Campbell & Armstrong	Sept	849 L	(304)	1.0	(1.0)
Cape	Sept	7,200	(10,020)	3.0	(3.0)
Creighton's Nat.	Sept	585	(502)	2.0	(1.8)
Darby Group	Aug	406	(918)	1.2	(1.2)
Dares Estates	Jun	16,300 L	(3,660)	-	(0.25)
Delaney Group	Sept‡	139	(n/a)	-	(-)
Drummond Group	Sept	510	(550 L)	0.75	(0.5)
Dumas Group	Jul	162 L	(15 L)	-	(-)
East Midlands Elec.	Sept	24,700	(6,200)	5.1	(-)
Eastern Electricity	Sept	15,400	(18,600)	4.85	(-)
Edbro	Sept	440	(253)	-	(1.0)
Europa Minerals	Jul	2,450 L	(576 L)	-	(-)
European Colour	Sept	26	(271)	0.25	(0.25)
Evans of Leeds	Sept	3,450	(3,300)	1.3	(1.16)
Flagstone Holdings	Jul	758 L	(410 L)	-	(-)
Fleming Far Eastern	Sept	5,520†	(4,230†)	-	(0.2)
GEC	Sept	348,000	(342,000)	2.55	(2.55)
GUS	Sept	186,800	(182,100)	12.75	(12.0)
Greene King	Nov	10,900	(11,008)	3.5	(3.3)
Greycoat	Sept	5,800 L	(13,230)	2.3	(2.3)
Harrison Industries	Sept	27	(422)	1.25	(2.0)
Hunter Saphir	Sept	1,820	(3,510)	1.0	(1.35)
In Shops	Sept	1,050	(1,910)	0.66	(0.66)
Jarvis Porter	Aug	1,000	(1,100)	1.4	(1.4)
JS Pathology	Sept	728	(1,740)	1.8	(1.8)
Latham (James)	Sept	121	(222)	1.5	(2.0)
Mansfield Brewery	Sept	6,360	(4,500)	4.0	(3.6)
Mid Southern Water	Sept	3,900	(-)	83.9	(-)
Morris Ashby	Sept	481	(453)	1.7	(1.7)
Mountview Estates	Sept	3,540	(4,010)	8.0	(8.0)
Murray Split Capital	Oct	99	(-)	2.5	(-)
Northern Investors	Sept	282	(178)	3.5	(3.0)
Oceonics	Sept	2,420	(1,150)	-	(-)
Oriflame Int'l	Sept	2,340	(3,720)	4.0	(4.0)
Paramount	Nov	355	(401)	-	(-)
Panta	Sept	251 L	(912)	1.0	(3.45)
Phoenix Timber	Sept	1,130 L	(379 L)	-	(0.5)
Pilkington	Sept	50,600	(103,200)	2.93	(2.93)
Porter Chadburn	Sept	2,870	(3,880)	0.85	(0.8)
Powergen	Sept	87,000	(64,000)	3.05	(2.77)
Rowlinson Securities	Sept	503	(986)	0.24	(0.24)
Salvesen (Christian)	Sept	36,100	(36,000)	2.9	(2.75)
Scapa Group	Sept	20,300	(19,800)	1.52	(1.45)
Seeboard	Sept	8,000	(7,600 L)	5.0	(-)
Siebe	Sept	75,200	(85,300)	6.05	(5.5)
Shanks & McEwan	Sept	16,700	(10,400)	2.24	(2.04)
Smith & Nephew	Oct●	91,100	(93,200)	-	(-)
Stoddard Sekers	Sept	1,050	(1,010)	0.75	(0.65)
Sylions	Sept	1,170	(1,110)	3.15	(3.0)
Tams (John) Group	Sept	352	(1,170)	1.59	(1.59)
Tax Holdings	Sept	57	(17)	-	(-)
Thwaites (Daniel)	Sept	2,390	(1,800)	0.4	(0.4)
Tiphook	Oct	39,300	(25,200)	4.4	(3.6)
Tops Estates	Sept	1,340	(1,120)	0.55	(0.5)
Vistec Group	Oct	1,010	(78)	0.1	(-)
Wellman	Sept	344	(1,170)	0.8	(0.8)
Wessex Water	Sept	39,800	(34,900)	6.6	(6.1)
Wood (Graham)	Sept	255 L	(607)	-	(3.0)
Yorkshire Water	Sept	64,100	(57,400)	6.6	(5.9)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Gross revenue. ‡ = Figures quoted in Irish pounds & pence. # = Attributable revenue. ‡ = Third quarter figures. ● = Figures for 9 months.

RIGHTS ISSUES

Anglo-Irish Bank Corp. is to raise I£26.1m via a 1-for-1 rights issue at 46p.
Cluff Resources is to raise £6.4m via a 11-for-20 rights issue at 34p.
Expedier Leisure is to raise £3.1m via a one-for-one rights issue at 8p.
Oceonics is to raise £2.6m via a 1-for-5 rights issue at 12½p.
River & Mercantile Trust is to raise £36.7m via a rights issue.
Unicheam is to raise £36.1m via a 1-for-4 rights issue at 148p.

FINANCE AND THE FAMILY

How to . . . complain

Stand up for your rights

Scheherazade Daneshkhu on consumers' options

SOME PEOPLE would never dream of making an official complaint, others put pen to paper at the drop of a hat. Where there is financial injustice, it would be folly not to complain – but some complaints arise from wrong-headedness on the part of the consumer.

Earlier this year Richard Youard, the Investment Referee who deals with disputes involving clients dissatisfied with their treatment by members of the Investment Management Regulatory Organisation (IMRO), highlighted the last point in his 1990-91 report.

He had received an increase in letters from investors complaining that their equity-based investments had fallen. "Unfortunately, many investors tend to regard the written warning that investments could go down as well as up as nothing more than weasel wording inserted by the professionals to protect themselves from complaint," he wrote. Too many small investors "have still not grasped the reality of certain forms of investment".

The best way to get results from a complaint is to understand the system. It can be a two-stage process, with the company you dealt with as you first port of call, followed by an ombudsman if you cannot agree. In other cases, there are three stages – if you fail to get satisfaction, you must go to the regulator of that industry. Only after that process is an ombudsman involved.

■ **How to start your complaint.** In all cases, the first person to complain to is the one that has caused you the grievance. If it is your bank, write first to the bank branch manager and then *to head office. It is important* to write clearly and succinctly. *Which?*, the consumer association, has published a useful book on model letters. (*120 Letters that get Results*, Which? Consumer Guides, Consumers' Association and Hodder and Stoughton, £8.95).

Only when the bank's complaints procedure has been exhausted and deadlock has been reached can your complaint pass to the next stage.

The same principle applies to other financial institutions, or to independent financial advisers. First write to the company or individual concerned. If that fails, write to the regulatory body, and only after that to the various independent arbiters.

You can send documents to back up your case but only if they are relevant. Do not send originals, only copies.

■ **Who are the regulators?** A complex system of regulatory bodies was set up in the mid-1980s to monitor most of the financial services industry. You should be able to tell whether the company or salesmen concerned comes under this system by their letter head or business card. Nevertheless, in good financial services tradition, these bodies exist in an alphabet soup of initials which can baffle the layman.

The Complaints Bureau of the SFA (Securities and Futures Authority) at the Stock Exchange handles complaints against stockbrokers. Other financial services are regulated by a number of bodies.

Some companies will be members of more than one of the following bodies, which all come under the regulatory umbrella of SIB (the Securities and Investments Board). *Independent financial advisers are* regulated by FIMBRA (Financial Intermediaries, Managers, Brokers Regulatory Association); companies offering life and unit trust products usually fall under LAUTRO (Life Assurance and Unit Trust Regulatory Organisation). IMRO (Investment Management Regulatory Organisation) regulates the activities of investment companies such as pension fund managers.

If you are unsure of the correct regulatory body, SIB has a Central Register listing the details of authorised firms and the conditions under which they can operate. The number is 071-929-3652. SIB itself will deal with complaints but only after they have been through the regulating authorities.

■ **Dealing with ombudsmen** Most areas of the financial services industry have appointed ombudsmen to act as final referees to adjudge investor complaints. These people are independent, so you have a good *chance that your complaint* will be dealt with fairly and at low cost. However, this does not mean that the customer will always win.

With insurance, pensions, unit trust companies and financial advisers, you can only turn to the ombudsmen after dealing with the regulator. Complaints about banks and building societies do not have to go through the intermediate "regulatory stage".

This procedure may seem cumbersome but it is for this very reason that the self-regulatory bodies or SIB are happy to steer those with a complaint to the correct body and procedure.

So long as the complaint falls under the terms of reference of the appropriate Ombudsman, it will be investigated. The various ombudsmen and regulatory bodies have strict terms of reference under which they operate, including time specifications. For example, the Investment Referee *cannot adjudicate on cases* which arose before April 29 1988 and the complaint must be within 18 months from the date the complainant knew of the matter. Nor will he consider cases in which the claim exceeds £100,000, or take up your case if it has already been taken to court or is pending.

Issues which fall outside the remit of the Building Society Ombudsman include cases involving your creditworthiness (unless the society failed to use proper credit-rating procedures) and house valuations and surveys.

The Ombudsman's decision will be put before the two sides for comment before a final decision is issued. This may take time – 275 days was the average in the case of the Banking Ombudsman in 1991; just under four months with the Insurance Ombudsman.

The Ombudsman cannot make you do or pay anything. But the Ombudsmen for building societies, banks and *insurance companies can oblige* those institutions to pay you up to £100,000 compensation. You do not have to accept the decision and if you are unhappy you can go to court.

■ **Who are the ombudsmen?** The present Banking Ombudsman is Laurence Shurman, while building societies have an ombudsman and an ombudswoman – Stephen Edell and Jane Woodhead. There are also ombudsmen for insurance and pensions, respectively Julian Farrand and Michael Platt. OPAS (the Occupational Pensions Advisory Service) acts as a free advisory service on pensions. The Pensions Ombudsman will usually first refer cases to OPAS.

■ **Addresses**

Banking Ombudsman, Citadel House, 5-11 Fetter Lane, London EC4A 1BR.

Building Societies Ombudsman, 35-37 Grosvenor Gardens, London SW1X 7AW

The Insurance Ombudsman, City Gate One, 135 Park Street, London SE1 9EA.

The Complaints Bureau, SFA, The Stock Exchange Building, Old Broad Street, London EC2N 1EQ.

FIMBRA, Hertsmere House, Hertsmere Road, London E14 4AB

IMRO, Broadwalk House, 5 Appold Street, London EC2A 2LL.

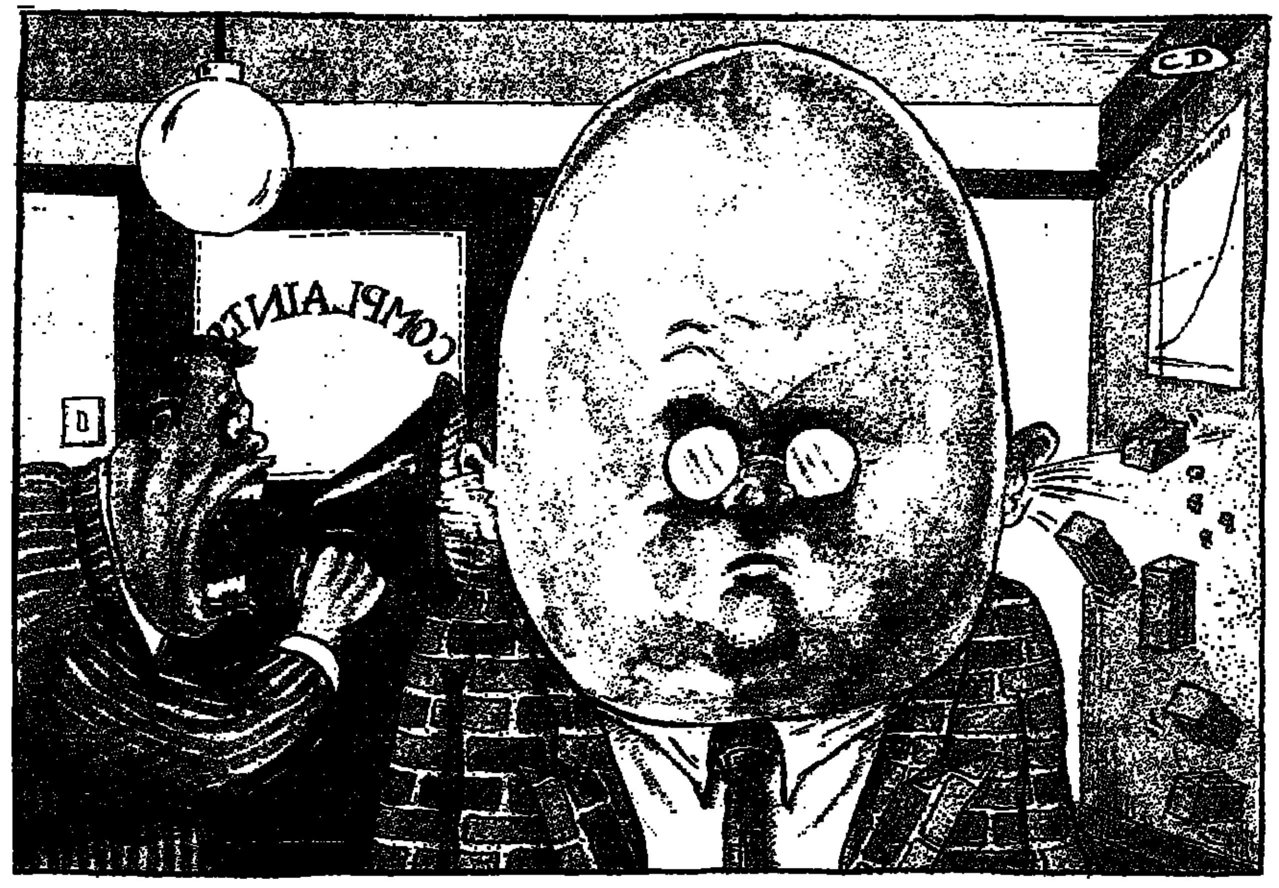
LAUTRO, Centre Point, 103 New Oxford Street, London WC1A 1QH

SIB, Gavrelle House, 2-14 Bunhill Row, London EC1Y 8RA

The Investment Referee, 6 Frederick Place, London EC2R 8BT

OPAS, 11 Belgrave Road, London SW1V 1RB.

Pensions Ombudsman, 11 Belgrave Road, London SW1 1RB.



Protection for the investor

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I UNDERSTAND that, if a building society were to fail, the Deposit Protection Scheme would reimburse the first 90 per cent of deposits up to a maximum deposit of £20,000 per individual.

Does any similar protection apply to investors in Abbey National, now that it has changed from a building society into a bank?

■ Similar protection is available, but is limited to 75 per cent of deposits not exceeding £20,000 under sections 58-60 of the Banking Act 1987.

Tax on Saudi pensions

FROM February 1977 until January 1983 I worked in Saudi Arabia for a British company. All employers and employees were required to contribute to the General Organisation for Social Insurance (GOSI). A couple of years ago the scheme was abolished by Saudi Royal decree and it was intended that all contributions would eventually be repaid. Mine have yet to arrive but a few of my former associates have received monies, in US dollars, in settlement. When I receive my money, will it be subject to UK income tax, or will it be considered tax free because all contributions were made while I was offshore?

The GOSI scheme was designed to provide a pension for those working in Saudi Arabia for more than 10 years, payable at age 60¼, or a lump sum at the same age for those who had worked there for less than ten years.

■ If all you are going to receive is a refund of your own contributions (albeit in a different currency), there will be no UK tax liability.

Enforcing a negative

YOU have advised that it is *not possible to enforce a positive* covenant (ie to fence) after the original covenanting parties have ceased to own the parcels of land in question.

Does the same apply to a negative covenant eg only one dwelling shall be erected on the plot to be conveyed?

In my case the original owner of the land has no further interest in any adjoining land and I am the third owner since the original conveyance in 1962.

■ A negative covenant, such as a prohibition of more than one dwelling per plot in a number of lotted parcels of land, can be enforceable even after the assignment of convenance of the land burdened by the covenant and of the land benefitted by the covenant, if the correct formula was used in creating the covenant and (where the covenant was imposed after 1925) the covenant was registered as a Land Charge or noted on the *Charges Register of the Land* Registry title.

Basic question for savers

I AM A higher rate tax payer, my wife is a basic rate taxpayer, well below the higher rate threshold. We have a joint building society account. Can we elect for my wife to have 90 per cent or 100 per cent of the income for tax purposes whilst still retaining the account as joint?

■ No, regrettably. Ask your tax office for the free pamphlet IR80(1991) – Independent taxation: a guide for married couples.

What's in a name?

I AM starting up a consultancy business and am giving consideration to the description under which I shall operate. Is it still necessary to register under the Business Names Act?

■ It is not now necessary to register a business name; all that is required is that disclosure is made on commercial stationery of the name(s) of the true owner(s) of the business – see the Business Names Act 1985. (Certain names are not allowed to be used without the licence of the Secretary of State).

Diary of a Private Investor

Daddy, why are we so poor?

***Kevin Goldstein-Jackson** has learnt to listen to his daughters before buying shares*

I HAVE been reflecting on the reasons for some of my decisions: why did I choose certain shares, and why did I sell some and keep others? Have the factors influencing my investments changed over the years?

Many years BC (Before Children), I seemed to like an "all or nothing" gamble. I was, for example, happy to invest in a small Canadian mining company – even though I was working in the sultanate of Oman and had no way of checking regularly on the company's progress. Fortunately, the shares went from around 45 cents to over C$8 when I sold them.

Today, I would be very reluctant to risk money on a company that was quoted only on the Vancouver stock exchange. And I certainly would not invest a large amount in anything where the the share price could not be checked at least once a week.

BC, some of my shares were bought on a hunch without doing much (if any) research: I just had a "feeling" about them. Of course, I also bought shares in companies of which I did have some knowledge (although, quite often, such shares performed worse!).

Psychologically, being a father has affected how I choose shares. Children (or, at least, my two daughters) like to ask questions. I have to justify and give reasons for my actions.

If ever I had to say: "We can't go abroad on holiday for the next few years because we need to save money," they would ask "Why?" If I replied: "Because I've lost a lot of money buying the wrong shares," they would ask: "Why did you buy them, then?"

What answer would I give? That I bought them because it "felt right?" Or because the price-earnings ratio for a particular company looked low in relation to most of the other companies in its sector, and a reading of its annual report appeared to show it had sound assets, little debt and reasonable prospects?

The second answer has more appeal. Hence the need to do even more "homework" before I invest.

Fortunately, it is quite easy (and relatively cheap) to research various companies. The Hambro Company Guide (published quarterly by Hemmington Scott) is available in the reference section of many public libraries. Since it costs only £99 a year, it is within the means of serious investors.

The long-established weekly, *Investor's Chronicle*, is an invaluable source of company information and pointers to likely stock market trends. It is available at newsagents.

The *Financial Times* is, of course, crucial for investors. The new-style share listing pages make it much easier to track small companies (since market capitalisation details are given daily); and the "black box" indicating the most actively-traded shares is especially helpful in assessing which shares are likely to have the lowest dealings spreads and perhaps be easier to sell.

I always pay particular attention to price/earnings ratios. These often have been the signal to sell certain shares because they have risen too high as a result of other investors' over-optimistic views of the future of a particular company or the market as a whole.

It is quite often the share-listing pages, or some item of news in the *FT* or the *Investor's Chronicle*, that prompts me to do further research, such as writing to the secretary of a company for a copy of its annual report. The Hambro guide gives company addresses.

Personal experience, too, has played a significant role. A holiday in Hawaii, for example, showed me how keen the Japanese were to acquire property in that area. So, I bought shares in a US company, Amfac, which had considerable Hawaiian property interests. It was taken over by a Chicago-based company.

Indeed, over the years I have been fortunate in "spotting" a wide range of takeover targets including Daks Simpson, Debenhams, MK Electric, Vectis Stone, NSS Newsagents, Wettern Bros, Stockley and Herrburger Brooks.

Talking to people about their experiences also helps to direct my investment choices. It was through chatting with the owner of a local paint and wallpaper shop that I bought shares in Johnstone's Paints for 103p each – and, less than five months later, accepted the 1989 Elf Aquitaine takeover offer of 230p.

This was not insider dealing but simply the result of being told that the company made excellent paint. When I discovered it was not part of a larger group, I reasoned that it had takeover potential.

One friend is a builder. When he expressed concern about the state of the construction market, and after I had walked around a few developments in London and elsewhere, I dumped all my shares in companies which relied heavily on property dealing. For example, Wyndham Group shares, which I bought for 75p each in 1986, were sold in 1987 for 297p – well before their price collapsed.

Small companies have always featured strongly in my portfolio because I feel it is easier for them to double profits than it would be for a company the size of, say, GEC. The share price of a well-run small company with little debt ought, over time, to out-perform most large companies, particularly if its executives have a large shareholding. Small companies are also more likely to be taken over.

Like all investors, I make mistakes. Recently, I contemplated buying shares in Gestetner just before it issued a profits warning. And I let my wife retain her shares in Dominion International, which ended up worthless when it went into administration.

I have often sold shares too soon, but I prefer to take a reasonable profit rather than hold on too long and risk them falling. I am not afraid of cutting losses: if an investment does not perform and the share price falls considerably, I will get rid of it.

On the other hand, if a company appears to be doing reasonably well but its share price is static – or, at least, does not fall more than a limited *amount – I am prepared to* hold the shares for years in the hope that someone will eventually "discover" it and buy heavily, thus making their price rise.

What I am *not* now prepared to do is invest without preparing a good excuse in case my daughters ask why I bought such rubbish!

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Clifford Foods A	10,000	20	1
Euromoney Publ	100,000	510	1
Greggs	10,000	39	1
Guinness	320,072	1,597	1*
Ibstock Johnsen	22,500	18	1
Menzies (John)	3,904	17	1
Mercury Asset Mngmt	20,000	170	1
Pittard Garner	20,000	18	1
RHM	114,035	275	1*
S'kline Beecham ADR	2,396	$152	1
PURCHASES			
Anglo Eastern Plant	91,265	30	1
Harrisons & Crosfld	10,000	13	1
Leigh Intl	10,000	25	1
Midland & Scot Res	50,000	20	1
North West Water	5,000	18	1
Perkins Foods	50,000	76	1
Wellcome	10,000	84	1
Whitegate Leisure	2,899,489	351	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 25-29 November 1991.

Source: Directus Ltd, Edinburgh

Directors' Transactions

THE SELLING at Ibstock Johnsen continues. Philip Ling has sold 22,500 shares, just over half his holding, at 81p. The chairman and managing director have sold large quantities of shares in recent months and the price has fallen to 62p.

Sir Patrick Sergeant has sold 100,000 shares in Euromoney Publications, which he founded and chairs. The shares recently hit an all-time high and have risen more than 50 per cent since the summer. He is due to retire as chairman at the end of 1992. Nick Oppenheim, chairman of Whitegate Leisure, has made two purchases totalling 2.9m shares, taking his personal stake to 8.2m shares.

***Midland and Scottish* Resources has suffered from litigation fears arising from the Emerald rig contract, which has hit the share price. The purchase by John Gunn at 38p to 41p contrasts with the chairman's sale of 1m shares at 106p in June.**

Angus Macdonald,
Directus Ltd

MINDING YOUR OWN BUSINESS

Patti Waldmeir and Jessica Alexander visit small shop owners whose customers are poles apart

Success in Soweto

"I WANT a big car. I want a posh house. I want to be rich."

Universal human desires – long frustrated by apartheid. In the new South Africa, Ntsiki Mbundu intends to fulfil them at last.

With his sculptured haircut, stylish black glasses and expensive clothes, Ntsiki (pronounced "See-kee") is clearly a big-man-around-Soweto. He is a businessman and a fixer; someone who understands bureaucracy – and knows how to exploit it.

As a successful black entrepreneur, he belongs to a species almost unknown under apartheid, with its severe restrictions on black business and property ownership. Now racial barriers have been (or are being) lifted, and millions of blacks have started small informal-sector businesses to combat unemployment, estimated at 40 per cent of the labour force.

Ntsiki is one of them. He could have been a doctor, but he was forced to leave medical school in 1985, after his opposition to apartheid landed him in detention. No regrets, though: Ntsiki says his income of about R5,000 (£1,010) per month is "much, much better" than that of a junior doctor.

As we drive through the pot-holed streets of Soweto – where cars race perilously close to the pedestrians who crowd the roadside – Ntsiki exhibits his empire of *spaza* shops: tiny retail outlets where township residents buy basic necessities. Spaza means "hidden": the term dates from when informal trading by blacks was illegal, and such shops were shut down on discovery.

Indeed, until Pretoria began to liberalise township trade in the mid-1980s, Soweto – a city of 2m to 3m people – had only a handful of formal retail outlets: such commercial development was discouraged by apartheid, which decreed that black townships were to function as labour camps rather than permanent suburbs. Very few trading licences were issued to township blacks, and those only for the most minor forms of commerce. Blacks were forced to shop in the white cities, where black-owned businesses were banned altogether.

Strict health and food handling regulations effectively prevented informal trading; and with blacks effectively prevented from owning property, the process of capital formation – so important to the launch of a small business – was impeded.

Since the mid-1980s, however, Pretoria has relaxed these restrictions. Almost every Soweto street now boasts several spazas, usually run from the front room or garage of a private home. Trade is limited: stocks often consist of just a few packets of sugar or tea, mealie meal (the staple food) or sweets. But economists estimate that between 2m and 4m people make a meagre living by spaza trading, hawking, or through other informal activities such as dressmaking, hairdressing, or car repairs.

There is certainly no lack of demand for what the spaza shop offers: local after-hours shopping. "Spazas are ideal," says Ntsiki, who points out that commuters who make the 30km trip to work in Johannesburg return to Soweto after formal retailers have closed. So, when he left medical school, Ntsiki resolved to become a trader.

But business premises in Soweto are almost non-existent. So when Ntsiki heard that the Soweto council planned to demolish disused electricity sub-stations – brick structures three metres square – he applied for permission to convert them into spaza shops.

In 1986 Ntsiki got his first site – the brick shell of a disused sub-station – for a rental of R15 a month, and set about converting it for commerce. He points proudly to the security gate which protects the door to No. 8299 Orlando West, his first shop. "I got that for R25," he boasts, adding that window frames, doors and other fittings came from demolition sites in Johannesburg, where he made private deals with site labourers to sell him re-usable fittings, after hours.

Still, Ntsiki did not have the money to complete the R3,000 conversion. As one of six children in a fatherless Soweto family, he had no capital resources to draw on. As a child he had worked for R10 a day, blacking out the windows of Soweto churches to turn them into makeshift movie houses (to this day Soweto has only one cinema). By 1986 he was struggling to support himself, and fund his shop conversion, by hawking cold drinks at weekend football games.

Luckily his efforts were noticed by a local official of the Get Ahead Foundation, an institution which promotes black small business. Get Ahead provided a R1,000 unsecured loan to pay for a trading counter and shelves and a further R500 for stock. After paying off the local health inspectors – who enforced unrealistic regulations regarding toilet facilities, ventilation and water supply – Ntsiki started trading. No. 8299 Orlando West was soon making a profit of R3,000 a month.

From that meagre start, Ntsiki had 18 such shops by 1989, converted at a cost of R4,500 to R5,000 each. Johnson Wax, the US company which provides assistance to black businessmen as part of its social responsibility programme, provided finance and advice – but that was not enough. Ntsiki exploited connections in order to prosper: he befriended an Afrikaner engineer in the Soweto Electricity Department, who gave him, in exchange for the occasional bottle of whisky, advance notice to apply for leases on the disused sub-stations. One ward councillor was a family friend.

After sub-leasing many of the shops to other operators, Ntsiki branched out into a range of other activities. When white-owned suppliers found they could not enter black townships without having their vehicles stoned, he took over local concessions for supply of fresh milk, newspapers, and betting cards. When his delivery vehicle was stolen and the insurance company refused to pay because the driver was unlicenced, he bid for a bookshop concession at Vista, Soweto's black university. Previously, black students had to make the 30km trip to Johannesburg to buy books; now they can buy from Ntsiki.

But his latest project is the most ambitious yet. Ntsiki hopes to start Soweto's first wholesaling business, supplying his and other spaza shops. Trador, the white wholesaler, has offered him a R200,000 line of credit for stock on condition that he gets the blessing of the African National Congress (ANC) for the project. (Without such approval, the new business risks being attacked as a "front" for white business).

Ntsiki points out that "the only businesses that succeed are the ones that are well-established in the community." Shops such as Maponya's, the large retail outlet, have succeeded by shutting during ANC-inspired boycotts and paying contributions to the local ANC "comrades".

In spite of these problems, Ntsiki sees his future in the township. Though residential segregation has ended, he does not want to move to a white area. "Life is interesting in the township," he says, "and business is so much fun."

Ntsiki Mbundu: behind safety bars, but still breaking down barriers in South Africa

Pennies for the service

THE INDEPENDENT grocer has been in steady decline since the early 1960s. "I reckon stores that could properly be described as grocery stores are probably fewer than 20,000," says Alan Taylor, national secretary of the British Independent Grocers Association (BIGA).

The new Food Safety Act, coming close on the heels of the Food Hygiene Regulation Amendment, may be a great opportunity for village and corner shops. "People may gradually realise that the only real way to safeguard their families' health is to buy fresh food within 24 hours of consumption. No one's going to go to their local supermarket every day."

A typical example of the village shop is Ickleton General Store and Post Office, owned by Ian Truelove: a 500 sq ft lock-up shop, with a storeroom, in a small village about five miles from Saffron Walden, on the Essex-Cambridgeshire border. Ian's father bought a 15 year lease and the existing stock at valuation for £45,000.

Ian has trebled the stock and doubled the turnover; takings now average about £3,000 a week. Most supplies come from Booker Wholesale Foods, sold through the Mace network. "I order stock replenishments every Monday, using a hand-held computer supplied by Booker," Ian explains.

Mace membership costs £15 a week, but for that the Trueloves get next-day deliveries to their door; priced invoices; special promotions – and a handbook and video about the new Food Safety Act. A £1,000 initial credit limit – and three weeks' credit now – is also a help. Membership of the BIGA carries benefits in the form of information, services, and cheaper car and shop insurance rates.

Rent on the shop is £50 a week, but stock is far and away the biggest outlay: £1,500 to £2,000 a week, funded out of cash flow. There are no borrowings. "If you pay your bills regularly, then you know where you stand," Ian says. He and Liz also employ two part-timers, who look after the store in the evenings (until 7pm Monday to Wednesday, 8pm on Thursday and Friday) and on Saturday and Sunday mornings.

In the shop, birthday cards have proved a successful new line. Ickleton post cards and tea towels have introduced a popular local flavour; Christmas cards are to come. A Sketchley dry cleaning agency, with two deliveries a week, carries a 20 per cent commission rate; the Trueloves are now looking for a film processing agency.

Otherwise it's a matter of responding to demand – and catching impulse buys – from customers roughly divided between villagers (Ickleton has a population of about 400) and passers-by. Judging stock levels, experimenting with new stock lines, even just changing your displays are ways to successful trading in a village shop. Ian admits it is not that easy: "You've got to know how much people need, and what to order each week."

Most customers are happy to pay a few pence extra for the convenience of a local store – and Mace own-brand ranges are sometimes cheaper than supermarket prices anyway. Free home deliveries, and the luxury of being able to order and get specific items, are additional benefits to customers.

Space limitations inhibit business growth much beyond its present level. If the Trueloves owned the building they would make more selling space from a different layout; the lease prevents this. "We would like to buy the freehold," Ian says; but so far approaches have not been successful.

Almost a quarter of the available space is taken up by the post office: a secure area behind reinforced glass, with an alarm system. Its income – about £350 a month – is based on the number and amount of transactions conducted, but it also covers a portion of shops costs: "The Post Office provides the telephone and pays half the telephone bill," says Liz Truelove, who is the postmistress. The PO also pays the insurance and security required.

At 37, Ian is content with the living he and his wife make. They enjoy the personal touch, and being the hub of a small village – although they are relieved that they do not live on top of it. The only worry on their horizon is the prospect of a large Tesco superstore just two miles up the road. If permission is granted for this, the Trueloves' livelihood, and that of other small shopowners in local villages in their area, is bound to be threatened.

■ *Ickleton Post Office & Store, 14 Abbey Street, Ickleton, near Saffron Walden, CB10 1SS.*

J A

PERSPECTIVES

Japan bows to a new god

Robert Thomson meets Ryuho Okawa, self-styled prophet, seer and leader of the 2m-strong 'Happy Science' cult of spirituality, destiny — and money

THE COMING of Ryuho Okawa is announced by the silent bowing of his well-tailored acolytes. Not the short, sharp bow of a Japanese businessman, but long and deep and respectful, leaving their gold "RO" pendants dangling close to the ground and creating a sense of awe around a man who would otherwise not turn heads in a crowded room.

It is difficult to address Okawa. He likes to be called "president" in English and yet as the spiritual head of a fast-growing Japanese religious movement, his followers make clear that a merely mortal title does not do justice to the self-proclaimed prophet. The presumption among those 2m believers is that Okawa mixes in a pantheon that includes Jesus Christ, Confucius, and Buddha, and that he is a god — although not necessarily God.

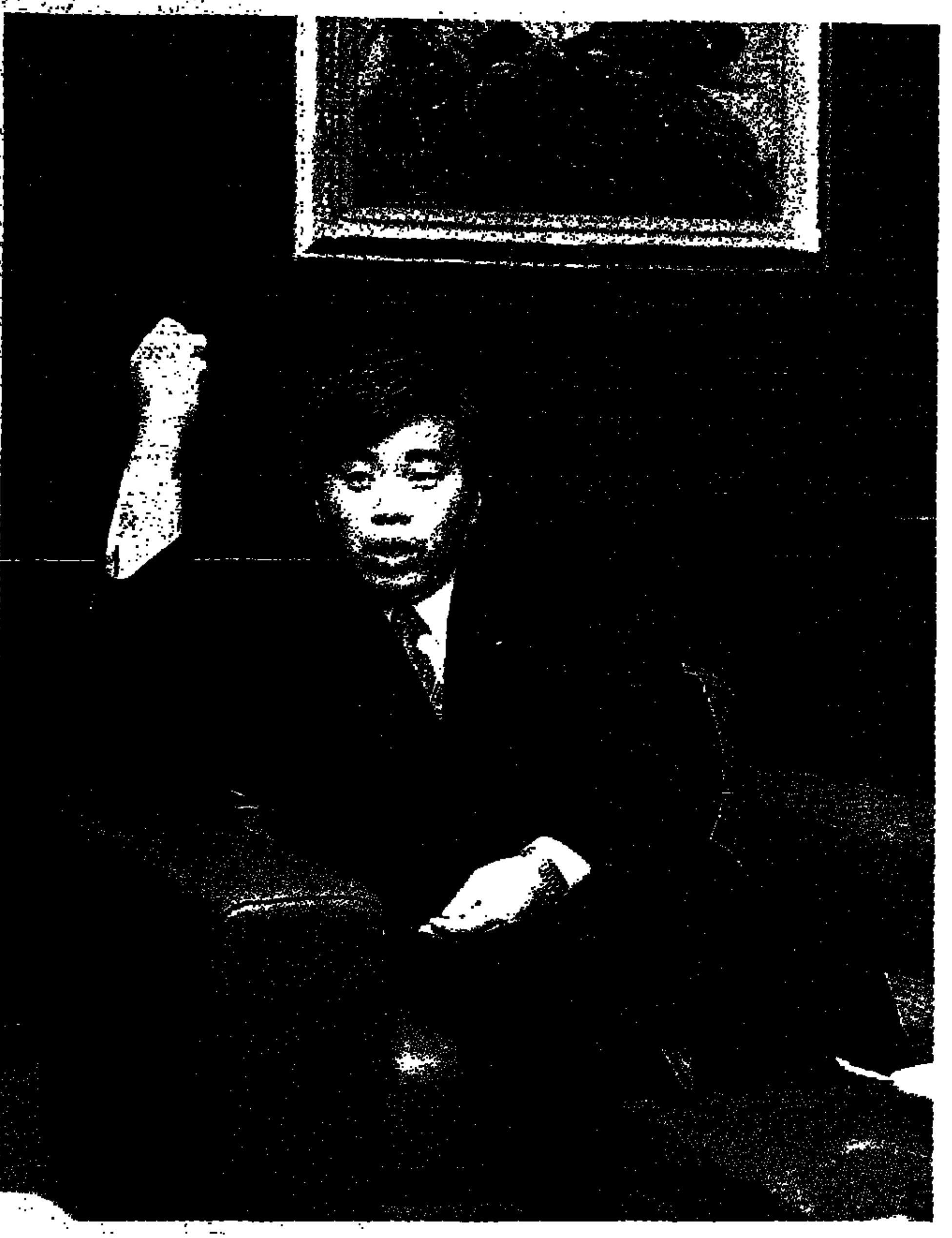
Whatever the title, Okawa and his movement, directly translated as Happy Science and also known as the Institute for Research in Human Happiness, have had an extraordinary impact on Japanese society. The number of Happy Scientists has apparently grown ten-fold this year, while Tokyo taxis have carried stickers promoting the movement, and a huge "RO" zeppelin has floated across shopping districts.

Most Japanese have heard of the 35-year-old Okawa, and know that he was just another trading house employee until he received a Great Revelation, handed in his resignation and launched the movement only five years ago.

"Japan is becoming the source of an international spiritual movement. If we examine history, we can see that countries that were very strong economically have produced such movements," Okawa said. The voice is thin, the hands are active: the more active the hands, the more distracting the cufflinks. They are large and of a fine silver, with what seem to be small diamonds embedded in an "RO" shape.

Like the cufflinks, the movement's wealth has been a distraction from the happiness message. The Japanese media has focused on its earnings from sales from some 30m books, and on its monthly subscription policy, whch requires believers to donate Yen 1,000 per month. That money, combined with additional donations, has enabled the movement to rent space in one of Tokyo's most expensive buildings, to announce plans for a lavish headquarters of its own, and to fund the pervasive advertising campaign. Such coverage has angered the Happy Scientists, many of whom were attracted to Okawa because of their frustration with the materialism of modern Japan.

"We must understand religion's role in an affluent society. My idea is that wealth is neutral. It is neither bad nor good. The importance of wealth is in how you use it," said Okawa, citing the work of Mother Teresa among the poor as an example to all.



Ryuho Okawa: on the Happy path to a new religion

The mention of Mother Teresa is characteristic of his eclectic teachings, which draw on the combined wisdom of Henry Ford, Socrates, Lao Tzu, the Chinese philosopher, and Nostradamus, the 16th century French soothsayer, among many others.

Ryuho Okawa has written about 150 books — even his followers find it difficult to keep count — and the appeal to ordinary Japanese is that they combine simple explanations of basic philosophy and theology, blended with a world view encompassing John Lennon and John the Baptist. Buddhism is a basis for many of the teachings, including reincarnation, but the religion points to inspiration from "500 high spirits".

The simplicity is evident in the first two lines of the work *The Laws of Eternity*, which takes readers into the "nine-dimensional world" with one-dimensional language: "Where did I come from and where am I going? This is a big and ever present question for human beings."

For many Japanese, the intense spirituality of pre-war Shinto, including worship of the emperor as a god, was replaced by a semi-spiritual determination to build a strong Japan on the post-war ashes. The completion of the economic mission and the gradual accumulation of consumer wealth have prompted many young people to ask the questions of meaning and motive, and of origin and destination.

> *'The movement's wealth has been a distraction from the happiness message'*

At the same time, established religions have been tainted by scandal and farce. The country has been astounded by the unfolding melodrama of the influential Soka Gakkai religious movement, and its 8m members, who have apparently been "excommunicated" by the Buddhist monks responsible for guarding their faith. Soka Gakkai officials had accused the monks of "running about madly playing golf and living spendthrift lives".

Happy Science also plays to a Japanese sense of destiny, a theme on which Okawa will enlarge in a speech, "Japan, the Ideal Nation," due to be delivered to a mass meeting early next year. More than 50,000 people have gathered in the Tokyo Dome to hear such speeches, and he is confident that the movement will continue to grow exponentially. The target is 10m members by 1994, when an international membership drive will be launched.

"We have our Big Bang plan for international growth. The campaign will start in three years' time because we have to do the appropriate planning. The preparations required to make this even a success are tremendous."

The Japanese language is a problem. New members are supposed to have read at least 10 of his works before sitting a test on their understanding of his philosophy, but, so far, only about five have been translated into English. That has not stopped Japanese working abroad from becoming members, and the Institute claims success in attracting members from the Japanese banking and broking community in London.

Okawa studied international finance at New York University after graduating in law at Tokyo University, and says that his American friends were open to abstract ideas of spirituality and comfortable with the concept of god.

"My way of looking at things was very easily accepted in New York," he said. "The existence of religion in the West will not be barrier to us. Our teaching incorporates the ideas of other religions. I have received a revelation from Jesus Christ, and it will have a very strong impact. It doesn't matter whether people are Catholic or Protestant, as long as they have an open mind and heart."

Okawa speaks some English, but answers questions in Japanese, apart from the occasional joke. He suggested with a smile that while other prophets will emerge in coming years, and some may have already emerged, "I am the boss". The choice of words was made with humorous intent, yet his movement has been criticised for resembling a Japanese corporation, with a corporate-style office setting and even "RO" lapel badges for the staff.

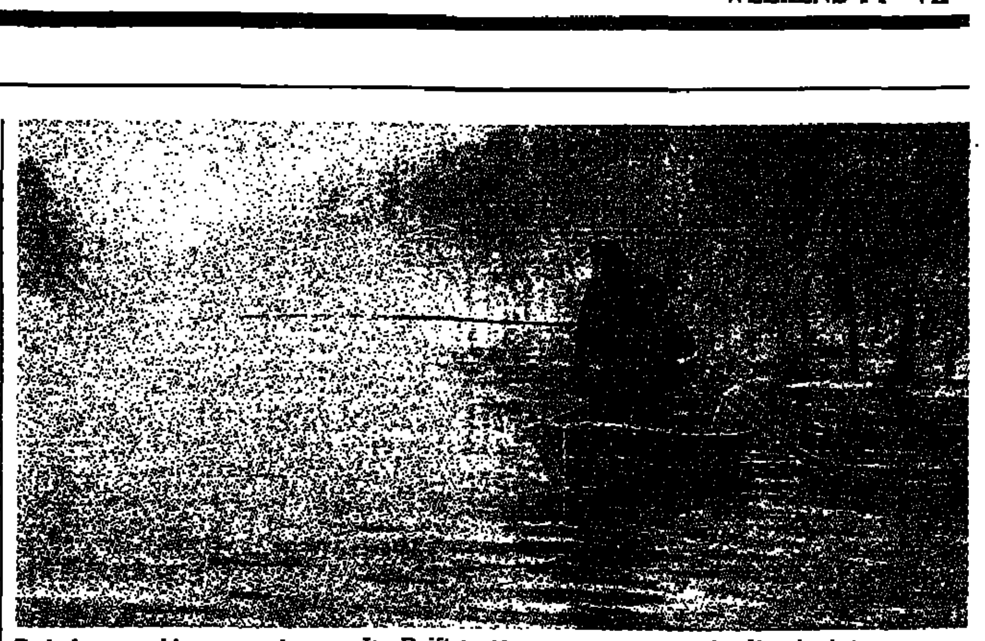
Japanese-ness aside, international audiences may find Okawa's prophecies a touch gloomy. Like Nostradamus, he has looked deep into the future, but has decided not to reveal the events of the next decade, because, he says, they are generally catastrophic, particularly for Europe.

Pushed to give a glimpse of Europe's dire fate, he explained that there will be a chaotic period of war and pestilence, before a calm settles over the continent in around 2020.

The predictions stretch until the year 3000 and include descriptions of underwater civilisations — in the 28th century, "certain underwater cities will be surrounded by oilfields" — and an enigmatic forecast that "erroneous religions will become popular in various parts of Japan and the world".

Okawa is more conventional in his wisdom on two divisive issues for religious leaders, homosexuality and contraception.

"From a spiritual perspective, I think homosexuality is abnormal. Contraception has various meanings. From a spiritual perspective, abortion is wrong. People must have a correct understanding of the sanctity of their soul. In Europe and the US, the family structure is falling down, and people should examine their lives and consider their beginnings."



End of season blues — and greys: *Icy Drift*, by Michael Ringer, from *Angling in Art* by Tom Quinn (The Sportsman's Press, £19.95, 128 pages)

Fishing

Cast in melancholy

PEERING through the window at the drifts of wet leaves being stirred by another winter gale, I find my heart weighed down by melancholy. Nor does the contemplation of the past trout-fishing season bring the customary balm — if anything, melancholy thickens into despondency.

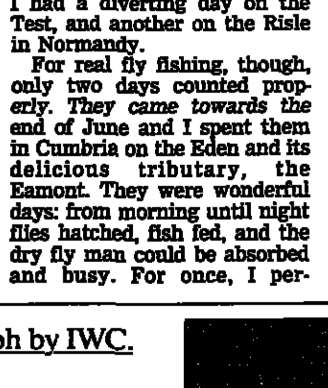
It has been a bad year, and bad in a peculiarly dispiriting way. If I go to the river and find fish feeding but bungle every chance of catching one, I am, of course, seized by despair. But the sensation does not last. The fresh wind of hope dispels it. "Next time," I say in determined fashion, sure — however misguidedly — that it *will* be different.

But to find oneself beside a famous trout stream at a time of year and day at which activity may be expected, to walk the banks for an hour, scanning the surface for signs of life from fly or fish, and never to see anything to warrant the use of the rod in the hand — this is wearisome. It was the unbroken pattern during the second half of the season on my river, the Kennet, west of London.

Apart from the mayfly the fly hatches were generally sparse. But they did exist. Even a year or two ago, the sedges would make an appearance come dusk, to be followed by the blue-winged olive if the night was warm and still. But on my last half-dozen visits this year, I saw scarcely a fish rise. This was not to be wondered at, because there was no fly to rise to.

Those who love the Kennet are very worried about its health. Some link the absence of fly with the disappearance of the right sort of weed and the terrible agglomeration of silt — both resulting from several years of drought and consequent low flow. I believe them. It no longer looks like a trout river.

There was just one glimpse of the river's old self: on a July evening, soft and murmurous. For once, the blue-winged olives came down in sufficient numbers to bring half-a-dozen fish on the feed. A proper angler probably would have caught them. I hooked one which bolted upstream and down with such violence that, by the time I had subdued it, darkness had fallen. I know it had, because I tried and failed to tie on a new fly. I cursed a little, but was comforted by my



bold-spotted two-pounder.

Most of the amusement I had came elsewhere. There were two wild days in Ireland. I went to Scotland and fished the Spey — an ambition realised although I caught nothing. I had a diverting day on the Test, and another on the Risle in Normandy.

For real fly fishing, though, only two days counted properly. They came towards the end of June and I spent them in Cumbria on the Eden and its delicious tributary, the Eamont. They were wonderful days: from morning until night flies hatched, fish fed, and the dry fly man could be absorbed and busy. For once, I performed quite competently and caught a decent number of fish. They were wild, fought demonically and were lovely to behold.

There was one numbing disaster. Above the Udford flats on the Eamont is an enticing pool. The water at the head is broken as it tumbles over shelves of stones. The current swings away against the far bank, where willows trail their branches, before slackening.

Walking upstream I saw trout rising in the shadow of the top willow. Olives were circling above their noses and were being picked off. The rises were quiet, and I was taken unawares by the strength and size of the fish which grabbed my Greenwell at the first cast.

The odd thing was that, in the early stages of the battle, I was absolutely sure I was going to lose. Then, little by little, I began to hope until, when it lay in the shallows below me, beaten, I felt a welling triumph. I drew it towards the net and saw the fly in the skin at the extremity of the lower jaw. The fish tilted, six inches from the rim of the net. The fly came out. The trout faded from view, then vanished as I lunged at it in a frenzy.

I returned to the pool an hour later. The fish were still snaffling olives in the foamy water beyond the slender willow leaves. I caught one of 1lb 5oz, a good size for the Eamont. The one I had lost must have been a good half-pound bigger. But I was consoled by its fellow. And now, come to think about it, I am still consoled. Perhaps I will, after all, give next year a go — before taking up golf, or gardening, or some less painful pastime.

Tom Fort

As They Say in Europe

Nervous neighbours

ABOUT ten days ago there was a television programme in Britain dealing with Ukraine in the years 1939-53. It was about digging up graves — the graves of Ukrainian nationalists killed by the Communists, or "Muscovites" as they were called. The graves were created by the Nazis who found local allies in organising "the Final Solution." The massacre of Jews was succeeded by mass killings of Poles by Ukrainian nationalists. In 1945 the "Muscovites" returned and the slaughter continued.

It was a horrible story. The image that remains is of a nationalist veteran calling down the wrath of God on those who had blown up a recently-erected memorial to the Ukrainian SS division in which he had fought.

Nevertheless, last Sunday's elections passed off peacefully. For the Ukraine's neighbours the voting marked a watershed. As the Moscow daily, *Nezavisimaya Gazeta* put it: "Proclaiming Ukrainian independence is not merely a political act but an event that can bring about a change of the entire military-strategic situation in Europe. . . Ukraine is turning into a fourth European nuclear power with nuclear warheads on its territory."

The Warsaw daily, *Zycie Warszawy*, veered between a pessimism it hardly dared articulate and official optimism. "Ukraine, with its own politics, own army and economy rules out for good any attempt to revive the power centre in the territory of the former Soviet Union. It is a great challenge, especially to Russia, which has to mull over its future. Russia without Ukraine is still great and powerful but is now a totally different country. It lies further away from Europe . . . the Asian option is very probable."

The distancing of Russia from Europe is a normal aspiration of Polish foreign policy. So the Ukrainian election provides that bit of good news. The bad news: "Ukrainian independence brings a new quality to the relations of Kiev with Warsaw and other neighbours . . . We have been prepared for it for some time, but there remain some barriers which have to be overcome including a very important psychological barrier. Instead of a superpower in the East we shall now deal with one of its many heirs. A known partner to be discovered anew."

The next day there was a slightly more positive line. It opened: "Polish-Ukrainian relations in the past were generally bad and they were often of a dramatic character." But it concluded: "A great and friendly Ukraine could totally change the geographic and political situation of Poland."

Our old friend Johann Georg Reissmüller of the *Frankfurter Allgemeine Zeitung* is a great supporter of east European separatists. So he contributed a cheery comment on the new situation: "The community of nations has no reason to deny Ukraine recognition: and it does not need to mistrust Ukraine. Certainly the new state will have a new army, but that will present no threat. It does not want to have at its disposal the nuclear weapons which are on its territory. Since Chernobyl the Ukrainians have rejected everything nuclear . . . The world has nothing to fear from an independent, democratic Ukraine."

Reissmüller had forgotten his normal distrust of ex-communists. *Le Figaro* had not. In his commentary, Georges Suffert contrasted the two halves of the continent under the heading, "East wind, West wind." The latter is a breeze bringing sweetness and unity, the former a typhoon slicing up yesterday's world.

"Look at Ukraine, tearing itself away from not only what was the Soviet universe, but also the ancient empire of the Tsars, of which it was the foundation stone 1,000 years ago . . . Old communist leaders assume a new political virginity thanks to this savage advance . . . Merchants of nationalist dreams, they know their peoples will accept many sacrifices to see again their public buildings adorned by their flags, so old and so new. Some will not shrink from civil war to consolidate power."

■ ■ ■

Reassuring reply of the week: this exchange took place in an interview with Aleksey Arbatov, the disarmament expert, on Moscow television.

Q: Do you think we will soon be talking about nuclear parity, for example, between Moldavia and Kyrgyzstan?

A: Moldavia — no, because all nuclear weapons have been withdrawn from there, by all accounts . . . As far as strategic weapons are concerned we can speak with a very great degree of authenticity. On tactical weapons, we have only very vague statements. The old system is in operation."

James Morgan

■ *James Morgan is economics correspondent of the BBC World Service.*

HOW TO SPEND IT

Hostess with the mostest

***Lucia van der Post** meets Caroline Rose Hunt, who unveils her unique style of hotel management in London later this month*

IF THE name of Caroline Rose Hunt is known at all in the UK it is probably as the daughter of Haroldson Lafayette Hunt, the legendary Texan oilman, and as one of the retiring sisters of those naughty brothers who tried to corner the silver market. All that is set to change. The opening of The Lanesborough Hotel, the most opulent, most seductive, most intimate of luxury hotels I have yet to see, situated right across the road from Buckingham Palace at London's Hyde Park, is due any day now and ought to put her Rosewood Corporation on the British map.

Not that her company owns the hotel – it was bought for £100m by a consortium from Abu Dhabi led by Sheikh Zayed bin Sultan al-Nahyan (the dominant shareholder of BCCI). But it is her Rosewood Corporation that saw off the hottest competition in the business to win the contract to manage it.

Rosewood Corporation may not be the biggest player in the game but it is probably the finest. For Caroline Hunt only manages the most exquisite, the most luxe of hotels – the most award-endowed around, where customers are "guests", where nasty realities like the bill only intrude at the very last moment, where you need never lift a glass or press a button yourself, where there are huge bowls of fresh flowers at every tenth pace and where but to lift an eyebrow is to command.

Today the hotel division of Rosewood Corporation has a very small but exclusive clutch of some of the most famous hotels in the world. A couple it both owns and manages (The Mansion on Turtle Creek and Hotel Crescent Court in Dallas) and a couple (The Bel-Air in Los Angeles and The Seiyo-Ginza in Tokyo) it only manages.

Caroline Hunt (as in spite of her two marriages she likes to be known) came into hotels in a roundabout way. In 1979, about the time her first marriage to a Dallas businessman came apart and her children began to leave home, she started to take an active interest in business. Her first thoughts were that she needed to protect herself from too great a dependence on oil. The Mansion, a 1925 Italian Renaissance-style mansion belonging to Dallas magnate Sam Cotton, came up for sale and was destined for the bulldozer. So hotels became an early diversification.

"This area didn't have a small residential hotel," she told me when I met her on her home ground in Dallas, "and I felt that it could do with one, so we opened The Mansion on Turtle Creek in 1980." This turned out to be a serious asset to Dallas' high-life, single-handedly responsible, according to a Dallas lawyer I met, for educating Dallas society in matters of fine food and wine.

Having got the bit between her teeth she then went on to build "a beautiful hotel in Houston called The Remington. But it opened just as three things happened – the price of oil dropped; the peso was devalued, which was disastrous as Houston depended heavily on the Mexican economy; and every other hotel chain in the world opened a hotel there. So we sold that and then we bought the old Bel-Air in Los Angeles." Having turned that, in its turn, into a model of sophisticated comfort it, too, was sold, although Rosewood Corporation kept the lucrative contract to manage it.

What she does not addis that when she sold it to a Japanese consortium she got the highest rate per room – about $1.2m (£670,000) – ever achieved.

Though her hotels purvey luxury on an almost unimaginable scale Caroline Hunt herself is not given to self-indulgence. She is a sweet, slightly plump, middle-aged woman, nicely and neatly dressed – the sort who would seem, at first sight, to be happiest making apple pies and being the cosiest of den mothers.

Stories of her thriftiness abound. All her day-to-day expenditure seems to find its way back, one way or another, into her own businesses. She lives – in her own hotel, the Crescent Court Hotel in Dallas; she entertains in the Crescent Club Restaurant or, more informally, in the cosy olde-worlde English-style restaurant in her antique shop, Lady Primrose's *Shopping English Countryside*, in the Crescent.

The flowers for the Dallas hotels come from her own (gorgeous) florist; she exercises in her own (excellent) club, The Spa. She used to buy her "glad rags" from Dallas frock-star Victor Costa but these days most of what she wears comes from Stanley Korshak, her own shop.

Vivian Young, her great friend with whom she tours England and Ireland shopping for antiques for Lady Primrose, confirms that Caroline Hunt "is real thrifty. Why, the chairs in Lady Primrose's restaurant came from some real estate that was being sold – we bleached and covered them – and a beam from Caroline's old patio is a beam in one of the little rooms."

She is reputed to give her own book, *The Compleat Pumpkin Eater*, and a pumpkin-shaped chopping board as wedding presents.

When one of Caroline Hunt's five children wanted to work at The Mansion she was told: "Fine. But you must start as a maid." Rumour has it the daughter was shocked but her mother was adamant. "I can't have my child work at The Mansion and not know what it feels like to be that maid."

When it comes to her hotels, though, thrift is not the word that comes to mind. They are, it has to be said, the first and last word in comfort. It is as if all her mothering instincts have been let loose on a favourite child or doted-on lover. Though all luxury hotels these days offer things like fluffy bath-robes and capacious bath-tubs, honey-smooth service and tempting food, Rosewood hotels ARE different in that they are, or seem to be, much more intimate. They manage to deliver with greater conviction the conceit that you are a loved and valued friend, not just a source of profit.

What makes the "guest" happy is what the staff must deliver. Nothing, but *nothing*, is too small to be overlooked.

Caroline Hunt's language is free from hotel-speak. There is no talk of "global concepts", "room occupancies" or Rosewood Corporation style. She wants each hotel to be as individual, as distinctive, as much a one-off as possible – and no snooty doormen or stand-offish *sommeliers*.

She has been well-rewarded. Fulsome praise has been lavished on them all. Stars, diamonds, and rosettes are regularly bestowed.

The Lanesborough, on the site of the old St George's hospital, looks set to be the jewel in the crown. Rumours of its luxuriousness and its finances have been leaking out for months. The "soft opening" (ie no paying guests) is on December 16, the "hard" (ie paying plenty) on December 30. The parties are being planned, important guest lists put together, "royals" approached.

Above, a model of the facade of The Lanesborough, due to open on December 30. Left, the Conservatory or winter garden restaurant

Caroline Hunt herself is jetting in with 50 members of The Crescent Court's Club in February. (The thrifty streak does not, it seems, extend to business matters).

It is costing about $1m a room to fit out. Each floor will have a "butler" to attend to every need of the "guests" – every need from theatre tickets to chauffeur-driven cars and pot of tea. Every room has what looks like an old-world desk which houses, most discreetly and non-technologically, very advanced information services.

When finished it will be able to look proudly at the palace across the road. The main entrance, from the Knightsbridge side, brings the "guest" through a portico into a succession of halls all topped by a sequence of Roman arches. Finally the "guest" arrives at one of two small manned desks in front of a Regency cabinet filled with blue and white china – and not a fax machine or a computer in sight. There will be no vulgarities like checking-in, no nasty intimations of tills and bills – "guests" will sign the visitors' book instead.

All this will not, of course, be cheap. Single rooms start at £190 a night, doubles at £220 and some 60 per cent of the 95 rooms are suites. If there is anybody left who still feels like splashing out they could wallow in the Royal Suite at £2,500 a day, with a chauffeur-driven Rolls-Royce thrown in. You will, though, be happy to know that the prices include service, though not VAT, so no bellboy will be lurking expectantly after he delivers your bags. If you are out of touch with what top London hotels charge these days the Savoy charges start at £175 for a single room, £200 for a double, but that includes both service and VAT. At The Connaught single rooms are currently £165, doubles start at £204 inclusive of VAT but not service.

The bars and the two restaurants (directed by Paul Gaylor, late of Inigo Jones and The Halkin) look as if they might be assets to London's nightlife. The Conservatory is a truly magical room, like a winter garden, Brighton Pavilion style, where light meals can be had from morning to night and from 7.30pm until 11pm. Confrey Phillips will be playing the piano and singing Coward, Gershwin and the like. The Dining Room is all formal grandeur – but softened by fudgy pink colours, fluted columns and swagged brocades.

Caroline Rose Hunt relaxing in her Dallas headquarters

Though it may not seem much of a time to be launching a luxury hotel Caroline Hunt is quick to point out that managing a hotel is nothing like as risky as owning one. Rewards are linked to success, of course, but there is always the basic management fee.

What drives her is not entirely clear. It cannot be money. She says frankly that The Mansion on Turtle Creek is not a big money earner. She points out that she could make far more by being much less fastidious about the standards in her hotel. "There is a limited demand for a super-luxury hotel. The ratio of staff to guests is very high, two to one at The Mansion, so we provide a very personalised service."

I suspect that a certain emptiness after her second marriage failed and her children grew up is part of the reason. Also she is the first to admit that "It's very heady to have your hotels named as among the most outstanding in the world." But above all she is a Hunt, and for the Hunts a life without work is almost unthinkable. "I think work is fun," she told me. The Lanesborough looks like being more fun than most.

Haroldson Lafayette Hunt would be proud of her.

Time for Turkey this Christmas

***Rose Baring** looks ever further afield for her seasonal shopping*

IS TARTAN beginning to make you reel? Have you had about as much of carol singers and Santa Claus as you can take? A Moslem country might not be the obvious place for Christmas shopping, but the city of Istanbul could offer something different. For one thing, there is not a single Christmas light in sight.

Istanbul's 2,700-year history as a trading place has nurtured a shopping compulsion strong enough to revive the most jaded gift hound. And the downfall of communism in eastern Europe has lifted the city's commercial life. While western European tourists pore over exquisite inlaid boxes and woven rugs (*kilims*), 100 yards away a coachload of Bulgarians bargains for bras and an Uzbeck family, decked in woven silk, haggles over underpants.

There are more than 4,000 shops in Istanbul's covered market, the Kapali Çarşi, alone. The streets around are lined with thousands more. The goods are often made in courtyard factories, called *hans*, hiding behind the street facades. Valide Han pulses to the rhythmic clack and shunt of hundreds of looms while in Çukur Han, cotton cloth is dyed in huge vats and hung up to dry.

The covered market should be your first stop for gifts: Istanbul's answer to London's Oxford Street; an indoor medieval shopping mall. Wares in its rabbit warren of shop-lined corridors and courtyards are what they have always been: carpets, hats, slippers, ceramics, leather goods and jewellery. There are no price tags; you need to bargain with the shopkeeper. Decide what you want to pay and stick to it.

Carpet dealers are notoriously artful, but at Adnan Hassan, 90 Haliçilar Cad, you will find not only a top-quality selection of both *kilims* and carpets (knotted) but also an engaging honesty. Small modern *kilims* with simple designs, suitable as bedside rugs, start at £30.

Exciting Caucasian pieces have been trickling into Istanbul since the break-up of the Soviet Union. Embroidered *kilim* cradles are the rage. If there is no expectant mother in your family, these can be turned upside down to cover a simple wooden box or ottoman. The genuine article costs upwards of £150, but there are cheaper imitations at about £50.

The centre of Istanbul's covered market glitters with jewellery shops. Specialities include amber necklaces and ethnic Turkish silver jewellery threaded with coral and lapis lazuli, though the shop fronts try to lure with gaudy gold displays. Venus, at 160 Kalpakçilar Cad, and Georges Basoglu, at 36-7 Çevahir Bedesten, have distinctive and original antique necklaces and jewels. Ethnic drop earrings start at £1.50, amber necklaces at £15.

Emin Çömez, at 101-8 Yağlıkçilar Cad, stocks a riot of hats from both Turkey and Russia. Winter fur hats join the throng in wool and leather. A nest of cheap cotton pill-boxes in gaudy stripes makes a durable alternative to paper cracker hats (£2.)

Nuruosmaniye Cad, one of the streets leading from the covered market, crosses Vezirhan Cad not far from Angel Leather at No. 67. Here the softest kid-skin suede and leather is sold as skirts and jackets – even trouser suits. Good Turkish leather is on a par with Italian, but a few of the designs still have some way to go. Leather jackets start at £30, but you should count on spending about £150 for the finest suede.

Kismet, at 84 Nuruosmaniye Cad, has a small selection of well-made *kilim* bags ranging from Mary Poppins carpet bags (£45) and handbags (£15-35) to spacious *kilim* wallets (£6.50). At 42 Nuruosmaniye Cad, an antiques shop called Sofa is a treasure trove of old prints and maps, Iznik and Kütahya tile fragments, and old jewellery. It also stocks exquisite modern Turkish ceramics from Kütahya, which sell at £100 a plate.

Stocking fillers are in abundance in the Egyptian bazaar, Misir Çarşisi, an L-shaped vaulted building which originally sold imported goods from Cairo. Heaped sacks of henna, chilli powder, cumin and oregano compete with stalls selling nuts and dried fruit. Behind the displays lurk olive oil (£1.50 a litre), practical wooden spoons sculpted from a single piece of hard wood (30p), and small packs of saffron (£1.20). The caviar shop sells both Iranian and Russian sturgeons' eggs at one-third the London price: for instance, 100g of Iranian Beluga will cost £50.

For the fashion-conscious, there is one more shop – in Sultanahmet, near the famous Blue Mosque. At 131 Arasta Çarşisi, below the mosque, Şube sells hand-made *kilim* slippers with leather soles, and *kilim* desert boots. (Its slippers sell for nearly $200 in New York, a mere £20 in Istanbul.)

By now, your feet are pavement-bruised and your wallet almost empty – so there is only one thing left to do. Your last £3 will wash and massage the whole day's pains away in Cağaoğlu Hammam, the Turkish baths, at 34 Hilali Ahmed Cad.

HOW TO GET THERE

Turkish Airlines flies daily to Istanbul from London Heathrow. If you stay over a Saturday night, return tickets before Christmas cost £175. Book through Bosphorus Holidays, 28 Maddox Street, London W1 (071-408-0094) or Golden Sands Travel, 162 Regent Street, London W1 (071-439-8737).
Golden Sands Travel also handles British Airways flights (£185 return) and a special Istanbul Airways charter flight, leaving on Thursdays and returning on Sundays, for £149 return.

WHERE TO STAY

There are plenty of picturesque, characterful hotels in the Sultanahmet district close to Istanbul's major tourist attractions, Ayasofya and the Topkapi Palace, and a short walk from the Covered Market. At the Ayasofya Pansiyonlari, Soğukçeşme Sokaği, Sultanahmet (tel: 0110901-513-3660), an entire cobbled street of wooden Ottoman houses has been converted into a hotel to charming effect (double £58, single £45.
At the end of the street, an old Byzantine cistern has been converted into an excellent restaurant, the Sarniç. Other hotels in restored Ottoman houses in the area include the peaceful Yeşil Ev with its garden restaurant at 5 Kabasakal Sokaği, Sultanahmet (tel: 010901-517-6785/8). Rooms here cost £70 double, £53 single. The Hotel Sokullu Paşa with its own Turkish bath (3 Mehmet Paşa Sokaği, tel: 010901-512-3753/56-8) is about half the price, as is the Hotel Turkoman, 2 Asmali Cesme Sokak (tel: 010901-516-2956/7).

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HOW TO SPEND IT

Lucia van der Post selects pieces from London's grandest jewellers and also comes up with some temptingly affordable chic

Gloom, glitz and glamour

HERE WE are in the midst of a severe recession and some of London's grandest jewellery shops are presenting us with some of the most dazzling jewels the capital has seen for years. Whether it is a sensible business tactic or a wild last throw is anybody's guess. What is certainly true is that if ever anything was designed to tempt what remains of the seriously rich back to their old free-spending ways, this has to be it.

Cartier of 175-176 New Bond Street, London W1 has decided to seduce us with a richly colourful collection inspired by the jewellery it made in the early years of this century for the Indian maharajahs.

While the maharajahs had the jewels and the wealth, Europe, they felt, had the style. So over they came, bearing rubies, emeralds, sapphires, and pearls. A fruitful partnership sprang between them and Cartier resulting in some of the jeweller's most dazzling work. Cartier explored exotic themes using flower and animal motifs which abounded in brilliant colour and came to be known as the Tutti Frutti style.

This month, the new *Routes des Indes* collection seems exuberantly colourful and exotic. Gem stones are at the heart of the pieces, the elephant, symbol of Hindu mythology, features in many of the best pieces. None, of course, are cheap. All use fine gem stones and precious metals but for those who can afford them they are likely to become as sought-after in the future as the original 1920s pieces are today. Photographed here, top left, is just one of the limited edition pieces, an elephant brooch made from yellow gold, sporting 3.36 carats worth of diamonds, rubies (0.34 carats) and emeralds (1.60 carats).

Garrard, of 112 Regent Street, London W1, has recently bought the famous Parisian jeweller Rene Boivin. Here, too, the real interest lies not so much in the intrinsic value (high though it is) but in the beauty of the designs. The pieces are lyrical, fantastical, strong on coloured stones – usually semi-precious – and all have a strong family handwriting. Animal and vegetable themes abound, all finely articulated. There are starfish and foxgloves such as the foxglove brooch photographed bottom left), bunches of radishes and a wonderful tawny, brooding lion. All the pieces can be seen in a special Rene Boivin room at Garrards. Prices start at £3,000 and the bulk of the collection is priced at between £3,000 and £50,000.

Not to be outdone, Tiffany this week opened its expanded store at 25 Old Bond Street, London W1. Tiffany has always presented a strongly different presence in Old Bond Street. Nobody could possibly mistake it for Cartier, Asprey or any of the other Bond Street stores. It brings with it a whiff of Transatlantic crispness, a more modern, sharper approach to the matter of jewellery, silver, fine crystal *et al.* Its signature – Tiffany blue and white wrapping – always speaks of a different, sassier, aesthetic. Anybody looking to it for some inspiration this Christmas will find plenty to choose from.

The busy or the idle could always summon up Tiffany Touch (tel: 071-408-2271), a service which brings a selection of Tiffany ideas to hotel, boardroom or private house.

The Allure bracelet, photographed below the elephant brooch, sums up the Tiffany style – bold, confident, very modern, it is made of 18-carat gold inlaid with black jade, lapis, red jasper and mother-of-pearl and sells for £3,425.

Most of the pieces at Cartier, Garrard and Tiffany are way beyond the means of all but the lucky few. Much, much more affordable is Kiki McDonough's jewellery. Just six years ago Kiki McDonough set out to produce wearable, affordable but "real" jewellery. She scored an almost instant hit with a pair of earrings with 18 carat gold bows, diamond-set knots and faceted rock crystal hearts – they were seen swinging from the ears of some of the most famous names in Britain, including those of the Duchess of York.

Today they sell for £560. At a party crowded with her devoted fans, all wearing some of her pieces, she gave a pair to the Victoria & Albert Museum's metalwork and jewellery department where they can be seen as a contemporary collector's item. If that makes them sound very avant-garde, rest assured they are not – they are pretty and wearable.

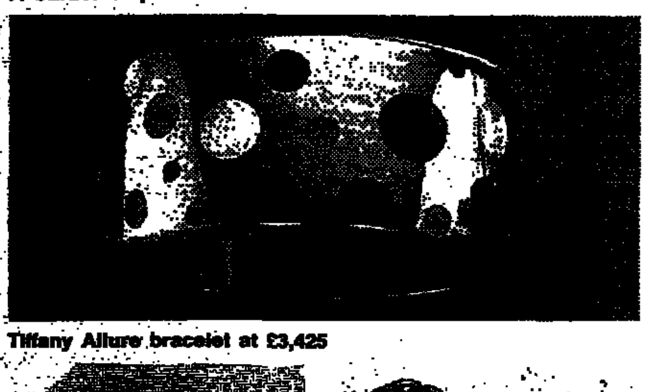
Kiki McDonough has a large range of pieces at under £1,000 – the gold brooch with haematite and pearls photographed on this page is £450. There are silver and 9-carat gold disc earrings for £120 and her gold knot earrings which have interchangeable different studs (cornelian, lapiz lazuli, malachite etc) are very popular and cost £175 for the basic pearl and gold set.

Her new shop is at 77c Walton Street, London SW3 24T. A colour mail order brochure is available. Tel: 071-581-1777 for the brochure.

If you do not mind whether your jewellery is real or not, and you would be in awfully good company if you do not (Coco Chanel, after all, decided that over-sized fake pearls were a whole lot more chic that prissy real ones) you should take a look at Agatha, brand-new to Britain but famous with hundreds of chic Parisians. Agatha is a fashion jeweller's with several branches in Paris (including the rue de Rennes and the rue Bonaparte) which opened this week at 4 South Molton Street, London W1.

Agatha has a knack of providing exactly the jewellery of the moment but at accessible prices. Whether it is gold and pearl button earrings, large chunky "gold" chains, dangling crosses, charm bracelets or enamel-look medallions, if it is in fashion Agatha will have it. The really good news is that there is nothing in the shop that costs more than £114 and most of it costs much less. The model photographed top right, for instance, is wearing an imitation pearl collar which sells for £42 while the "gold" and "pearl" earrings are £22. The other earrings, photographed middle bottom, are £34 a pair.

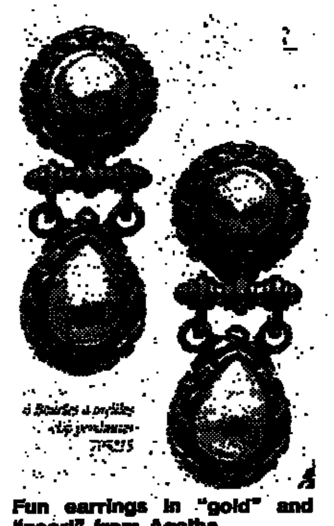
A Cartier elephant brooch



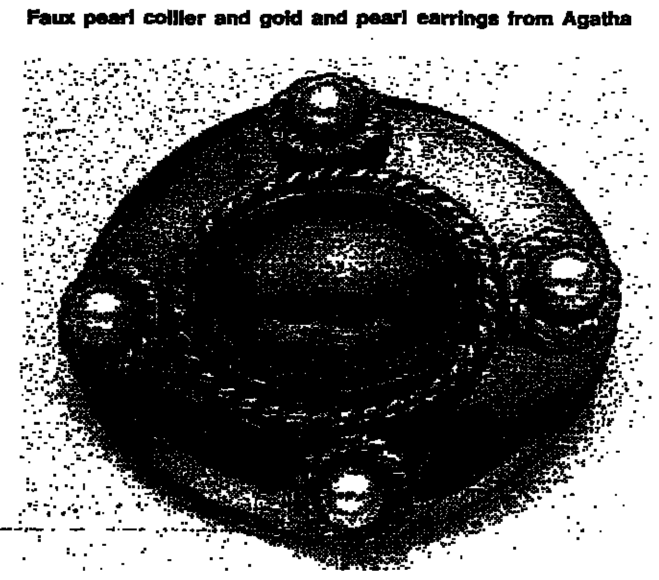
Tiffany Allure bracelet at £3,425

Faux pearl collier and gold and pearl earrings from Agatha

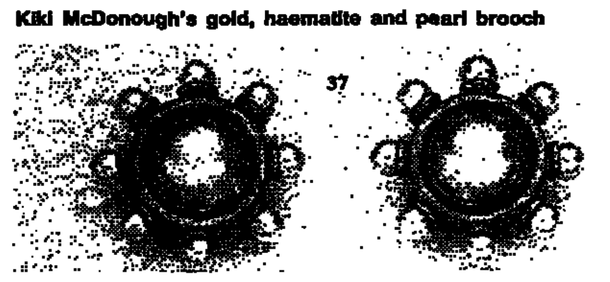
Rene Boivin's articulated foxglove brooch



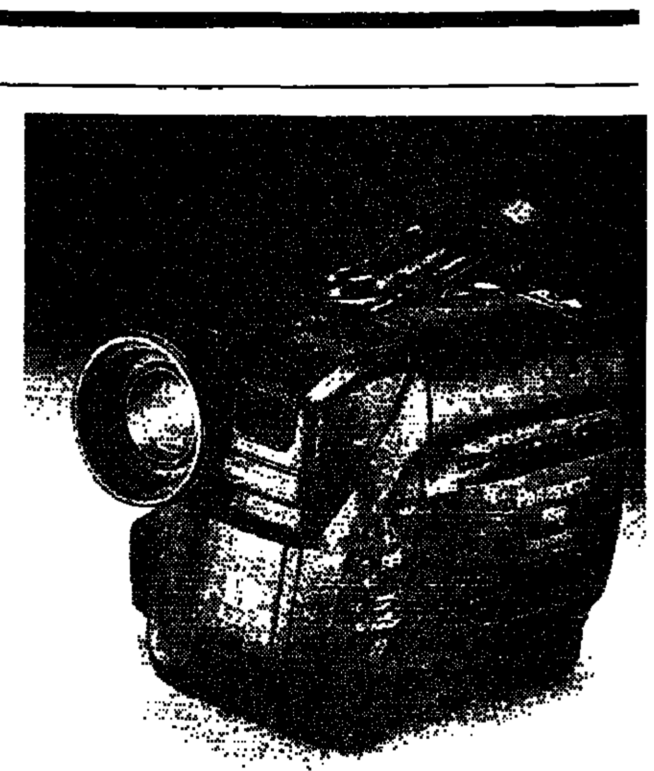
Fun earrings in "gold" and "pearl" from Agatha



Kiki McDonough's gold, haematite and pearl brooch



Brooch from Kiki McDonough



The Panasonic palmcorder

Electronic toys for bigger boys

JUST WHEN you thought it was safe to venture out and visit your local electrical equipment store . . .

The past year has witnessed a surge in new adaptations and bolt-on gizmos for much of the electronic gear that almost every house has. No wholly new products from the Japanese marketing machine, but rather an increasingly bewildering range of matt black goodies now confronts Joe Citizen and family.

More technology can mean more expense and more gremlins. The good news is that some products are now smaller, lighter, cheaper and easier to use. Here is a guide to some of the year's innovations:

Televisions. This year Grundig introduced 100 Hz technology to produce a "flicker free" screen. Its living room-dominating 37-inch model comes with a zoom capability, magnifying the centre of the picture on the screen, and a strobe facility which breaks the picture into nine squares for professional *editing. This whopping* machine comes with a whopping price of £3,000. Trying to reproduce the sound system at the local Roxy, the Toshiba Titan at £820 uses two speakers behind the viewer.

Videos. The machine which reveals total Japanese quality control to be a myth. The Amstrad DD8900 is an all-in-one double decker. It can record two programmes simultaneously, offers 16 hours of recording and can video tape to tape. Cost is £400. For those whose whole universe revolves around the video, the Grundig VS960 at a hefty £700 includes an archive memory which, among other things, stores video titles and the programme by programme sequence on a tape, locating which segment you want automatically.

Compact disc players. After the mini and midi comes the first micro system, the JVC UX1 at £360. This includes CD player, digital tuner and tape deck in a miniscule unit 5¼ in wide and 9½ in high. A pretty little thing, its 47 watts of output is good enough for any living room. As if things are not complicated enough, hi-fi equipment is now displaying computer graphics. The Sony 905 at £1,000 also arrives with a personal memory setting which fixes base and treble levels to what you have told the machine your ears can tolerate.

Compact disc TVs. Just emerging. Commodore is offering a CDTV but without TV screen for £500 that will accept compact discs. Discs already available include *Indoor Plants* and the *Bible*. Is the standard video recorder doomed?

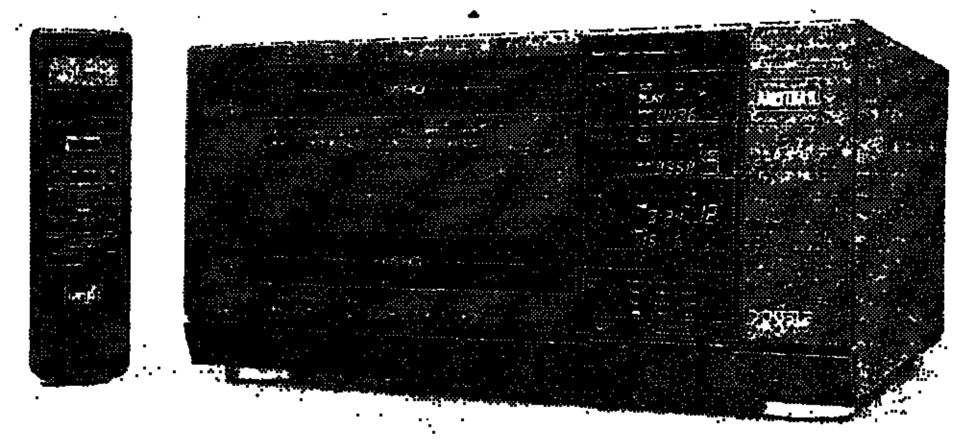
Portable combined TV and videos. These have been on sale for a few years but the Sony GV300 at £700 is now compatible with European TV systems. It can pick up sound and pictures across continental Europe except France. Just right for travelling business executives wishing to watch and video *Jeux Sans Frontier* in Belgium.

Electronic game players. Amazing numbers of adults use the Nintendo Game Boy. Something different is the Sega Game Gear, a £100 game-playing device for which you can buy a tiny, slip-in tuner pack which, at £70, converts it into a portable colour TV.

Video cameras. For budding Spielbergs making home movies out of Dad digging the garden. Known as camcorders, some models have become this year so small they are referred to as "palmcorders". The Canon E60 at £550 measures just 6½ in by 5½ in and weighs 1½ lbs. The big disadvantage of a palmcorder is the difficulty of holding it steady. Panasonic says it has largely overcome this by an image stabiliser – a kind of shock absorber – on its NVS5 at £800. Using a keypad on camcorders to enter titles on video films has been around for some time but some camcorders are now offering built-in theme music.

Cameras. Gaining ground is the anti red-eye device that stop subjects in indoor photographs looking like bit players from *Omen 4*. The Olympus Mju at £109 was one of the leaders. Among compacts South Korea is making a splash. The Samsung AF-Slim at £90 comes with a "time lapse": you can rest the camera on the sideboard and it will take continuous snaps, at regular intervals, of your Christmas party. Throw-away cameras from Kodak and Fuji that produce 10 in stretch pictures have been joined by the non throw-away Halina Panorama at £14. The Samsung AF400 has an adaptor that allows it to take both standard and stretch pictures. The big news about "proper" cameras – single lens reflex models with interchangeable lenses – is that they no longer threaten a broken shoulder when carried. The Taiwanese-made Canon *auto focus* EOS1000 with 50 mm lens weighs just 17 oz with battery and sells for under £200. The Minolta 3000i auto focus comes even cheaper at £170.

Nick Garnett



The Amstrad Double Decker

SPORT

Golf/**John Hopkins**

Women's toughest opponents are in the clubhouse

THE NAME Joanne Morley probably does not strike a chord unless you follow women's amateur golf closely, in which case you will know that Morley was one of the outstanding players of the season that has just finished.

She won the English and British stroke-play titles; and her haul of three points out of four in the match between Great Britain and Ireland against the Continent for the Vagliano Trophy was the best by a player from either side. In recognition of this success, Morley was named amateur woman golfer of the year last week.

Morley is a purposeful, assured 24-year-old who spends her winters working in Woolworths to earn enough money to pay for the competitive golf she plays all summer. She says she will turn professional at the end of next year but, for the moment, her sights are levelled at the Curtis Cup at Hoylake next June. And therein lies a story.

The Royal Liverpool Golf Club, at Hoylake on the tip of the Wirral peninsula, is among the oldest and most distinguished in the world. It was founded in Hoylake in 1864 and, 20 years later, started the amateur championship, the oldest event of its kind anywhere. It was at Hoylake in 1902 that Alex Herd won the Open with a rubber-core ball, thus killing off the gutty ball that had hitherto been used so successfully.

It was at Hoylake in 1921 that a match between the men amateurs of Britain and the US was played, an event for which the Walker Cup was presented the following year. And it was at Hoylake not long ago that women were told they could walk through the men's lounge to the dining room instead of, as previously, having to go outside the clubhouse. At the time of this historic pronouncement, it was made clear to the women that this concession was available only "so long as they look straight ahead."

If this chauvinism sounds remarkable in 1991, be assured it is not – or, rather, was not. Golf as a game, and the clubs its participants had to join in order to play, traditionally have remained the homes of racists and chauvinists.

When Hoylake changed its rules to allow women to walk through the men's lounge to the dining room instead of having to go outside, it made it clear that the women could do so only 'so long as they look straight ahead'

Prejudice against Jews, for example, was such that they had great difficulty in joining golf clubs which operated a Jewish quota – and most of them did. This led to Jews founding their own clubs, of which Moor Allerton outside Leeds, Bonnyton in Glasgow and Hartsbourne, Potters Bar and Abridge near London are all good examples. Jews and gentiles now mix harmoniously at most London clubs. The new outcasts in golf are the Japanese.

Their ambassador to Britain has playing facilities at Sunningdale, Berkshire, but many of his countrymen have to make-do with sessions at driving ranges and occasional outings at accommodating courses, of which there aren't many. This unwelcoming attitude has made the Japanese buy their own; recent acquisitions include Camberley Heath in Surrey, Old Thorns near Liphook, Hampshire, and the Turnberry hotel and course in south-west Scotland, the site of the 1986 Open.

Women, when faced with obvious discrimination, had no choice but to grin and bear it. When a man said: "Women don't play golf, they play *at* it," women had to like it or lump it. They had to do likewise until recently when they came across such indignities as a sign at the entrance to one golf club that read (and note the order of the nouns): "No dogs or women."

There are still clubs in Britain where the reaction of the men members is reminiscent of Robert Morley's in the film *Round the World in Eighty Days* when he saw a woman in the Reform Club. "A woman in the club!" exploded Morley. "It is the end."

That has had to change. It took the Opportunities Commission to bring about change. In 1988, and prompted by an average of one complaint a day for 13 years, the EOC proposed an amendment to the 1981 Sex Discrimination Act. The EOC wanted to bring into line those clubs that purported to offer membership to both sexes but, in reality, offered women limited rights.

"This absence of choice is particularly disadvantageous to women because of the restricted privileges attached to associate membership which may lead, for example, to prohibitions on the use of sporting facilities at weekends and on weekday evenings."

This definition fits many of the 200 golf clubs in the UK where women have limited rights, little representation and pay a subscription not significantly lower than the men.

Although the government has so far declined to implement the recommendation of the EOC, the Ladies' Golf Union recently took it upon itself to become more militant. It announced in mid-summer that it was boycotting the all-male clubs even if they had staged events for women in the past. This ruled out Royal St George's, Sandwich, site of the 1988 Curtis Cup match, and Muirfield, where the Curtis Cup was held in 1984. Both remain bastions of male chauvinism.

Mary Anderson, the chairman of the LGU and a woman of considerable charm and forcefulness asked: "Why do men have the right to feel superior? I think women are far superior to men or, at any rate, we're all equal. I don't see why I can't have the same rights as a man."

To its credit, Hoylake is acceptable to the LGU. Next June when the Curtis Cup is held there, Morley, who will assuredly be playing for GB and Ireland, will be able to experience the historic links and the equally historic and imposing clubhouse. As she does so, I hope she does not have to look straight ahead.

Looking straight ahead: Joanne Morley, the amateur woman golfer of the year

Road Bowling/**Kieran Cooke**

A strangely Irish hazard

IRISH ROADS are full of hazards. They are deceptively empty – until you round the bend and find a herd of cows or a flock of sheep coming at you. In spite of a crackdown on drinking and driving, late-night journeys can bring some bizarre, sometimes lethal, encounters.

But what do you do when you see, rocketing towards you, a small metal ball? And further up the road, a group of men waving their fists in the air? Plead for mercy? Look for a priest? In fact, it is all quite harmless. What you have chanced across is a road bowling tournament, one of Ireland's more obscure and ancient sporting traditions.

Like all great things in life, road bowling seems simple but is highly complex, demanding great expertise. On a wet Sunday afternoon under a moody sky, Peader Tunney, captain of one of two teams in County Mayo, explained the basics. "We have a stretch of road two to three miles long. Then we throw the bullet [the 28 oz steel and lead ball] along the road. The winning team is the one that gets to the other end in the least number of shots."

Tunney, a local farmer, is well over 6 ft tall and built to last. Words tumble out of him. He is very enthusiastic about the game. "Now this particular course starts at McGins pub here and finishes just over beyond the church on the hill there. You need a stout pair of shoes but no special kit. Just a good strong arm and a bit of cunning are all that's required."

Simple enough – until you try it. You run up. You swing the arm which has suddenly grown 3 ft longer and feels like a berserk pendulum. You let lose the bullet. It falls a pathetic few yards away and rolls into the verge. Peader and the rest say polite things, then send the bullet rocketing up the road and over the hill 300 yards away.

The origins of road bowling are wrapped in mist. In olden times a specially sculpted stone would be used: some say the modern "bullet" derived from the armaments stores of British army units stationed in Ireland.

County Cork is the home of road bowling and there are more than 150 clubs in the county. Mayo has two while Armagh in Northern Ireland is the up and coming county, with 12 clubs; it is also the home of the all-Ireland road bowling champion. Recently, the sport has spread overseas, with a road bowling club opening near the Ford works in Dagenham, outside London.

The complexities of road bowling lie in judgment of conditions. Like a golfer on the green, you have to be acutely aware of various slopes and undulations. You have to judge the camber of the road. Your playing partner is sent ahead to give you guidance. He will either stand with his legs dangerously apart to give a line on the throw (the style in Mayo) or (in Cork) put a bunch of grass down on the road – a "sop" – as a guide for the bullet. The bullet does not have to stay on the road. It can bounce off the stone walls. It can even be thrown over hedges round a corner, just so long as it remains on the road or verge.

Like all sports, road bowling has its own terminology. You might give a lesser player a free throw, called an "odd". One length of the course is called a "score". The course goes up and down hill and round bends. You always try to make it, if not round the bend, at least to the crown, to give you a free run the other side.

Making it to the crown is called a "sight". Not quite making it there is called a "half sight". Seamus Hawkshaw, the local butcher, admits that it takes some time to grasp the intricacies of the game. "It's a lot more than just muscles. You have to have just the right swing of the arm and get the line of the bullet down the road. The really good fellas from Cork can cover a two-mile course in seven or eight throws."

The run-up is crucial. Some, like Hawkshaw, go straight at it. Others approach sideways; some adopt a peculiar hop, skip and jump. You can throw the bullet any way you wish but most favour an under-arm swing or a type of rotating action, like an out-of-control windmill. Sons and onlookers are recruited to watch for cars. "We've had a few broken windowscreens in our time, but never any serious damage", says Hawkshaw. There are frequent pauses as stray bullets are looked for. Most clubs have metal detectors for the purpose.

The other element is betting. Sometimes as much as I£10,000 will be waged between clubs for a weekend competition. Players and onlookers also have side bets.

"Those fellas from Northern Ireland are the worst", says Tunney. "They seem to have plenty of money and think nothing of putting a few hundred pounds on one throw. But round here we play for small stakes – and a few pints at McGins bar afterwards."

Football/**Peter Berlin**

Soccer's Subbuteo men

SO FAR the only people to have benefited from the Football Association's planned Premier League have been the lawyers. The Football League's doomed legal rearguard held up the proposal for six months. Now at the FA's solicitors, work has shifted from the litigation department to the corporate department which is trying to draw up a framework for the new league. The games which are going on around the negotiating table to shape English soccer are being played without rules.

Tomorrow the FA's eyes will be on two events thousands of miles apart. In New York, Fifa, world football's governing body, will hold the draw for the qualifying rounds of the 1994 World Cup. Meanwhile in England the 22 chairmen of the soccer clubs in the first division, which will form the basis of next season's Premier League, will meet to discuss the proposed league.

The clubs will probably appoint an "independent chairman" for the Premier League. Two names have surfaced. One is Sir Philip Carter, who stood down as chairman of Everton football club in August. The other is Sir John Harvey-Jones the former chairman of ICI. Sir John? "Do not hold your breath," said one club official close to the talks It may sound like a wonderful job – chairman of your own league – but the truth is that there are plenty of chiefs around already.

The premier league will also have an executive director. The clubs have made an interim appointment. He is Rick Parry an accountant with the Manchester office of Ernst and Young.

Kelly is now chairman of the FA. He is adamant that while Parry and whoever else the clubs may appoint would be responsible for the day-to-day running of Premier League, "policy decisions will be made by the FA." Policy decisions include the key question of television contracts and the vexed issue of the size of the Premier League.

There is a saying in continental soccer that English players are "lions in the winter and lambs in the spring." They are drained by the large number of competitive games their clubs play. The FA which runs the England international team knows that its chances of doing well in 1994 depend on putting out a rested and fit squad for qualifying games and the cup itself. It was unhappy when the Football League decided to add two teams to create a 22-team first division this season. The "Blueprint for Soccer", which launched the Premier League plans, called for an 18-team division. Kelly now says "the consensus is that clubs will be happy with a reduced league but not 18."

'There is a saying in continental soccer that English players are lions in winter and lambs in spring'

In other words, the First Division clubs having jumped at the financial bonanza the FA held out – bigger sponsorship and television revenue, no tiresome lower divisions to share the loot with – have been reluctant to sacrifice four of their revenue earning home games in exchange.

Reducing the division to less than 22 clubs "will not necessarily meet with disagreement," said the official, "provided the other things are right – such as financial matters."

Part of the problem is that even within the Premier League revenue will be unequally shared, so that the rich few get richer and the majority become permanent relegation candidates, the bulk of the first division clubs realise that they could well be among the four who miss out.

"The Premier League will contain 22 teams next season," says Kelly. "But it will go ahead on the basis of a phased reduction – how far and how fast is under discussion."

Kelly would like to see the number of other games clubs play reduced. He says the FA "would like to look very seriously" at the Zenith Data Systems Cup with which less successful first division cups screw a few more pounds out of their fans.

Both sides insist that negotiations are going swimmingly and that they see no obstacles to an agreement. But, as the clubs' representative said: "if an agreement is to be reached there will have to be concessions from both sides."

The problem for Kelly and the FA is that they must get those concessions now. Unless they establish clear authority they could find the clubs difficult to control omne the league is running. The FA has sanctions. It can bar teams from the FA Cup, from European competitions and it can expel them altogether.

Both sides are politely ignoring demands by the PFA, the players' union, to be included in the negotiations on the Premier League structure, even though the players say they will strike.

The legal delay has eaten enough time to make things interesting. With time ticking away for television and sponsorship negotiations Kelly has an ace up his sleeve: the FA Council.

He will report to the FA Council on January 13. The FA, as Kelly says, "represents all of football." That is reflected in the composition of its council which contains representatives of the county FAs, the armed forces FA and the like. These are people working unpaid in amateur or semi-professional soccer. They are likely to place the interests of the England team above the greed of club chairmen. So far they have rubber-stamped Kelly's proposals, but should he stray too far from the Blueprint they could well whistle him offside and put the Premier League far behind schedule.

It is an appealing irony that all the expensive lawyers, the rich club chairmen and their high-profile "independent chairman" could find their ambitions at the mercy of the buffers in blazers who turn out every year for the Cup Final.

MOTORING

Go with the Beat

***Stuart Marshall** tries a big-hearted small car*

IF EVER a car was made to be slipped into the top of a Christmas stocking it is the Honda Beat. This delicious mid-engined mini is well under 11 ft long (329 cm) and only a shade over 4 ft 6 in (139 cm) wide.

Tucked behind the seats is a 656cc 3-cylinder, 12-valve engine that growls like a Jack Russell while soaring up to the 8,100 rpm at which it develops 64 horsepower.

You do not so much get into a Beat as put it on. I am not in the least bit Japanese-sized but my long legs slid easily under the wheel and my head did not touch the roof. Not that it is a car to be driven with the top up. Hood down on a chilly day, the heater poured warmth around me while I had more fun on four wheels than I have had for a long time.

I have no idea how fast the Beat is or how long it takes to reach 62 mph (100 kph) from a standstill. In any case, it is irrelevant. All you need to know is that it keeps up with sales reps as they burn their employers' rubber at the lights in their Cavalier and Sierra Ls and loses them on corners. The tighter the turns, the further the beautifully balanced, tarmac-gripping Beat forges ahead.

The Beat, which costs £6,000 in Japan, is not exported to the UK by Honda. But that does not mean you cannot get one in Britain. Rare Imports of Jersey will bring you a Beat for £10,995, through you will have to wait 12 weeks after placing the order and take delivery of it in Jersey.

Rare Imports, whose man on the mainland is Clive de Carle (0734-713244) takes care of all the paperwork. It will ship the car to your home at modest extra cost if you prefer to fly back rather than drive your new Beat on the ferry.

Honda UK does not approve of such goings on but has to live with them. Nor is the Beat the only Japanese car coming into Britain as a "grey" import. Rare Imports' brochure also lists such desirable machinery as the Toyota MR2 turbo and Lexus Coupé and a brace of twin-turbocharged, four wheel driven high performers – Nissan's Skyline GTR and the Mitsubishi GTO.

Toyota GB became aware last summer that several of its Japanese market-only gull-winged Sera coupés had found their way here. It warned buyers that as the Sera had not been government type-approved, driving one in the UK was a technical offence. There might be problems when the road fund licence expired.

The official importers hold no spares for these "grey" imports from Japan. They say that while routine servicing would not be a problem, a car could be off the road for a long time if something major went wrong or if it suffered body damage in an accident.

According to Clive de Carle, Rare Imports' customers get a 12-month warranty, optionally extendable to three years. Any parts not stocked by dealers in Britain could be air-freighted rapidly from Japan. Potential buyers of "grey" imported Japanese cars would be wise to go into any deal with their eyes wide open. The legal loophole which allows them to be brought in may not be open for ever. That said, I reckon a Beat buyer would find this mini-Ferrari look-alike the ultimate in motoring toys for adults.

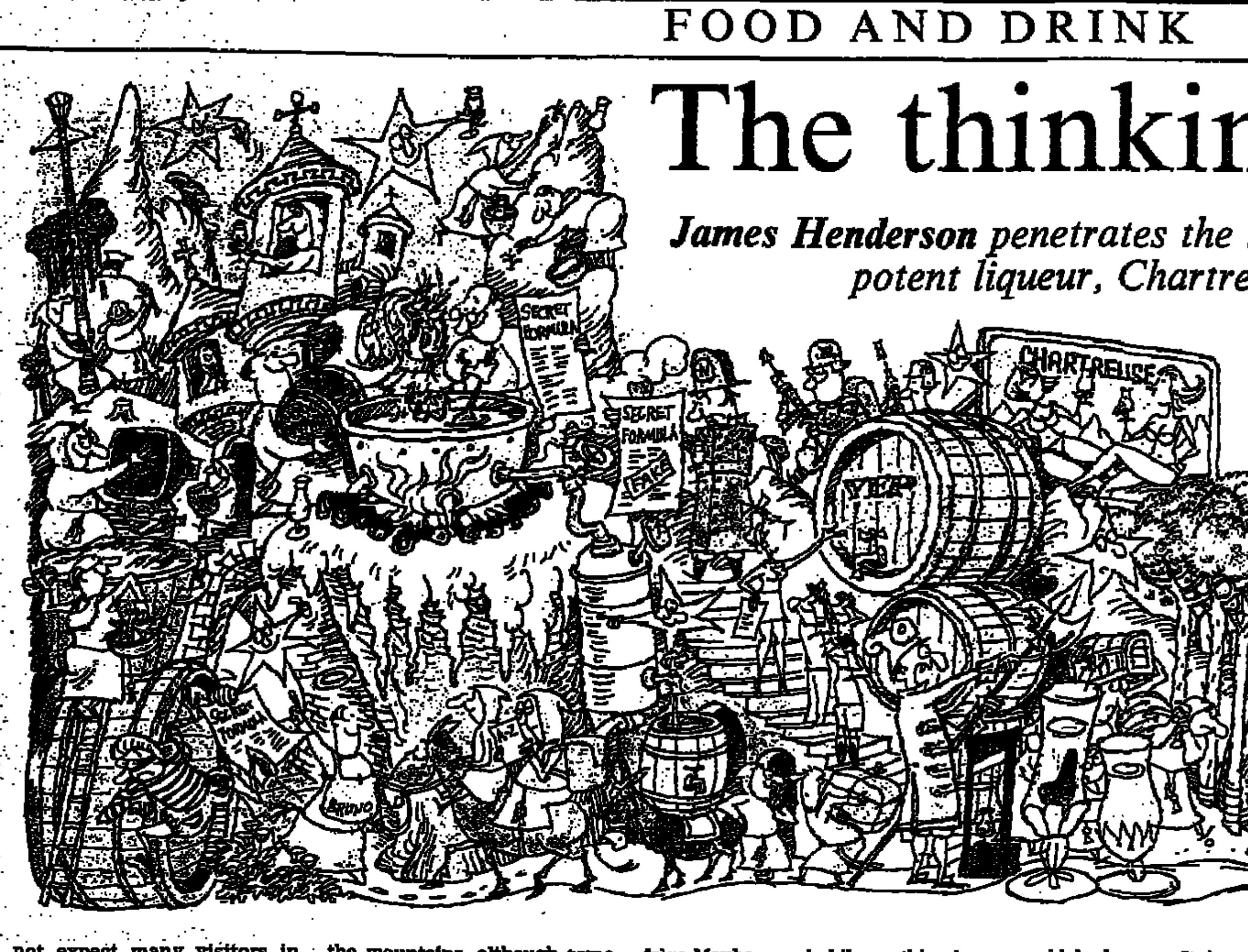
The Honda Beat. At £10,995, this import from Japan is as entertaining to drive as a Lotus Elan

هكذا من الأصل

FOOD AND DRINK

The thinking monk's tipple

***James Henderson** penetrates the lair of the happy band of brothers who make the potent liqueur, Chartreuse, in a valley below their monastery*



THE CARTHUSIANS *are well known for* being the most austere of the monastic orders. They are silent. They live a solitary and frugal existence, coming together only in prayer and for a weekly meal. And they have chosen to live in seclusion, cut off from the world. Their liqueur, Chartreuse, with its secret preparation, is the most mysterious of all the monastic *eaux de vie.*

La Grande Chartreuse, their *maison mère*, is hidden in the mountains above Grenoble. After a renowned life as rector at Reims university, Bruno, their founder, decided on a reclusive life and went in search of *désert.* In 1084, accompanied by six followers, he arrived in Grenoble where he sought the advice of Hugh, the bishop.

It is strange to think of a man of my own age, 29, being a bishop – but then, Hugh was canonised later. Already, at that stage, he seemed divinely inspired. Shortly before Bruno arrived, he dreamed of a sanctuary far up in the massif of Chartreuse. In his vision, he was guided there by seven stars. According to Hugh, it resembled a prison more than a home, a place where nobody could live without special aid from providence. Bruno loaded his mules and hiked into the wilderness.

I went by mountain bike. It is a spectacular journey, particularly in a winter snowstorm. From Grenoble, you skirt the massif beneath the blackened cliffs, 500 sheer feet of rock face topped by snow-laden pines. Entering a cleft in the mountainside, the climb begins. Walls close in and you enter a huge gully, which carves a path into the desert for five miles. Above you, there are 200ft cliffs and overhangs with knotted icicles the size of organ pipes – an enclosed and forbidding domain.

I do not know how fit Bruno was but it was steep and tough work, so I took to admiring the view. Hugh led his followers into a narrow, forested valley where they built the first monastery high in the trees. The area is not so much of a wilderness any more (habitation has crept into the highest parts of the massif de la Chartreuse). But in the majesty of the surrounding peaks and the profound mountain silence, this valley is still cut off. There is a *zone de silence* around the monastery which makes it conducive to contemplation and wonder.

From here, the rest of the world begins to seem a bit like *a spiritual wilderness.* To maintain their privacy still further, the monks have opened a museum with displays of monastic life. There was a small sign saying "Open in April." Obviously, they did not expect many visitors in February.

La Grande Chartreuse itself is huge – 22 acres enclosed by high walls. Shambling over the slopes above it, I could see the pointed roofs of the fathers' individual cells (built purposefully, with no view over one another) and the corridors leading to the chapels and communal rooms where the brothers do their work. In the snow, it was serene and surreal.

The principles of the Carthusian order have endured, almost unchanged, since they were laid down by Bruno in the 11th century. The brothers look after the day-to-day needs of the monastery while the fathers, of whom there are fewer than 20, lead a life of meditation and silent contemplation in their cells, spending up to 14 hours a day in prayer.

Early on, the monks worked the wood of the forests, cutting masts for ships from the trees or making charcoal, and they became accomplished metalworkers and alchemists. Today, they are best known for their liqueurs, green and yellow Chartreuse.

The recipe for Chartreuse is a closely-kept secret although *it is thought to have 130* ingredients (carnations, wormwood and pine tree buds are, apparently, among them). Only three monks know the full preparation. They pick the herbs and plants each autumn, mostly in the mountains, although some now have to come from abroad, dry them and store them in huge bins in the monastery.

The *formula supposedly* originated in the 14th century and was given to the Carthusians by the Maréchal d'Estrees in 1605. In the 18th century a frère Maubec, an *habile apothicaire*, perfected the recipe. Initially, his herbal elixir – 71 per cent proof (the basis of green *Chartreuse)* – was used as a tonic by locals and drunk on special occasions by the monks, but it was adopted by a local regiment in the 1840s and became widely known. It has been the monastery's biggest source of income ever since.

Just as the monastery itself *has so eventful a* history, the recipe has had some tantalisingly close shaves. As Brother Maubec completed his work, he fell ill – he was only just able to dictate the process before he died. Later, when Napoleon demanded that all "secret formulae" be collected and examined by the government, it was checked and returned as a fake. At one stage, a clerk managed to steal it and ran off to make his fortune. In his hurry to escape, he left the recipe behind.

Distillation no longer takes place at the monastery but in the town of Voiron in the valley below the massif. The monks watch over the processes in secret. Nobody, not even an employee of the company, is allowed into the herb room, but you can visit the cellars. If you are lucky, you might catch a glimpse of one of the brothers in his white cassock.

I set off down through the gorge again, skidding around in three inches of snow. It was a relief not having to pedal for 10 miles and then to hear a hum on the tyres as I tested out first gear on the flat.

At Voiron, the herbs are mixed with brandy and heated three times in 100-year-old copper stills before the mixture is aged. The cellars are huge, lined with vast barrels made from Hungarian and Russian oak (each 50,000 litres) and the liqueur is left for three to five years, marked according to colour. VEP (*vieillissement exceptionnellement prolongé)* is allowed to mature for more than 10 years.

It all sounds a bit archaic, but is not. Behind closed doors, the process is computerised. And the days of the brothers loading up their mules and walking their elixir down to the local market are long gone, too. To judge from the advertising – distinctly un-monkish *scenes of scantily-clad* women sipping Chartreuse on the rocks – the order seems momentarily to have forsaken its aloofness and serenity. A special vintage liqueur has been created to celebrate the winter Olympics in nearby Albertville in 1992.

Finally, after an hour being shepherded around by a chic French guide, you are permitted to taste the green or yellow Chartreuse – a sort of alcoholic *pot-pourri* with a fearsome *kick. Perhaps a whiff of pine* or a nuance of wormwood ... who can say? Up in the monastery, true to their vows, the monks allow themselves just three small glasses each year, on special feast days.

■ Daily 40-minute tours at the Voiron distillery from 8am-11.30am and 2pm-6.30pm. Free. The museum at La Grande Chartreuse opens from April.

Appetisers

Figs for chocoholics

THE NOTION that even chocolates can be seasonal might seem a little odd but, in the case of chocolate-covered figs exported to the UK from Calabria, in southern Italy, it is the new season's figs inside which make the chocolates so special.

The green figs grow in the Aspromonte mountains and have fewer seeds than the figs grown near the sea. A mixture of crushed walnuts, orange and lemon peel is added before the figs are enveloped in chocolate.

They are available by post from the Algerian Coffee Stores, 52 Old Compton Street, London W1 (071-437-2480) at 60p each, £5.50 for 250gr or £12.95 for a 500 gram box.

■ ONE DOMESTIC source of all things sweet is the Village Bakery at Melmerby, Cumbria (tel: 0768-881515, fax 0768-881418) which now has a flourishing mail order side.

Their traditional output of Christmas puddings, cakes, brandy butter and mince pies has been supplemented by organic products as well as a range of hampers, from £13.

For those with an ultra-sweet tooth there is Cumberland Rum Nicky – based on a recipe that dates back to the days of the spice trade between Cumberland and the Caribbean.

■ FOR ANYONE who, for dietary reasons, cannot enjoy the traditional recipes associated with Christmas Michelle Berriedale-Johnson has published a sympathetic booklet entitled "Christmas Feasts for those on Restricted Diets."

The recipes, which state whether they are free from dairyor gluten ingredients cover fruit cakes, stuffings, icing and a bread sauce which is made with rice and soya. The booklet costs 95p from Berrydales, 5 Lawn Road, London NW3 2XS, (071-722 2866, fax 071-722 7685).

■ HARDEN'S London Restaurant Guide 1992, has been launched. User-friendly in price (£7.50), size (it neatly slips into a jacket pocket) and outlook – it is not over-reverential to either chefs or restaurateurs.

The book is the work of two brothers, Richard and Peter Harden, both former merchant bankers. Their travels have taken them to America and Germany where they appreciated the qualities of the Zagat and Marcelino guides and realised the absence of a similar guide to London. In the past 12 months they have sunk more than £30,000 of their own money into the guide. Some £18,000 has gone into eating and drinking research. London is divided into the four points of the compass, each restaurant judged on three different categories – food, service and ambience – on a scale of one (exceptional) to four (disappointing). There are concise lists of places to go on Sundays, with – or without – children.

To enable them to expand the 1993 edition they are looking for participants in next year's survey. Anyone interested should send a large stamped addressed envelope to PO Box 1500, London SW5 0DX and will receive a complimentary copy of the 1993 guide on publication.

■ AT THE beginning of the 1980s Jacky Lesellier was working for the renowned French *pâtissier* Lenôtre in Singapore. Now he has his own *pâtisserie* business, Bagatelle, with a shop at 44 Harrington Road, London SW7 (071-581-1551) within a stone's throw of the French Lycée.

His aim has been to create a little bit of Paris in London. There is no doubt that with the quality of his breads, *croissants, pâtisserie* and chocolates he has succeeded. He supplies 17 London hotels with their daily bread.

From his production unit in north London Lesellier also runs a *traditional* French *traiteur* business. He will happily cater for receptions or cocktail parties (for up to 300). He offers 63 different hot and cold *canapés* with a variety of *foie gras.*

Nicholas Lander

Burgundy's slow Beaune

Edmund Penning-Rowsell assesses the latest vintage

BURGUNDY, like Bordeaux, was hit by a severe – although less catastrophic – frost in April. It relied on the "first-generation" buds rather than the "seconds" that saved some Bordeaux properties. After a late vine flowering there was an exceptionally hot summer, with 100 more hours of sunshine than normal. This, however, caused a drought which damaged the vines.

There was also much more hail than usual and some small vineyards were almost wiped out. Yet, the heat resulted in the grapes being ripe by the third week of September, and Beaujolais and Mâcon made sound wines.

In the Côte d'Or, the *Ban de Vendange* – the date on which picking is supposed to start officially – was fixed for Wednesday, September 25. Some growers picked a couple of days early, although this is a risky business as de-classification could follow. But on the 25th the heavens opened, and it rained until the weekend.

A proportion of the vintage was picked in wet conditions, including part of the vineyards of the Hospices de Beaune (wines from which were, as usual, sold on the third Sunday in November – the 17th). The best wines probably were made by the few who picked before the rain, and those who brought in their grapes during the week from the 29th when there was fine, dry weather.

Overall, the vintage was about 15 per cent smaller than average, but with wide variations. In Chablis, and in the northern Côte d'Or villages including Gevrey, Chambolle and Vosne, the frost was very severe.

As for the quality, Beaune merchant Robert Drouhin summed it up as one-third good to very good, one-third good and one third poor. Allowing for some merchandising propensity, this is about as reliable a generalisation as you will get. But 1991 is not a bad vintage, as some may assume, although it is not exciting. The reds have less colour than last year, but more than '88 and '89. The tannin levels are also lower than in '90 and slightly less than in '88.

Smaller yields may have produced better wines. At the top, with only 29 casks produced instead of an average of 37, Le Montrachet Baron Thénard in Chassagne claims to be superior this year to the '90. Bouchard Père, the biggest vineyard owner with nearly 100 ha, made 35 hl per ha instead of 45 for the reds and 28 hl instead of 35 for the whites.

Whether 1991 is a vintage that is needed is, however, another matter and this was shown clearly at the Hospices de Beaune auction – the first public indication each year of the quality and price level of a new vintage. These reached a peak in 1989 and, in common with the vintage generally, were swept along by a wave of immediate post-vintage publicity. But it is now agreed, too late, that they were too high and a large amount remains unsold. Also unsold is most of the bigger red from 1990 – thought by many to be superior – and whites of both years.

So, after last year's drop in the auction prices of 24 per cent for the reds and 37 per cent for the whites, there was a further fall this time, with the reds 25 per cent lower and the whites 44 per cent down. Had it not been for 80-year-old André Boisseaux of Patriarche, who bought 165 of the 553 casks sold, the fall would have been much greater, particularly for the reds.

The highest price for these was the Ffr 54,000 a cask fetched by the new Georges Kritter Clos de la Roche Cuvée, followed by Ffr 35,000 (Ffr 62,000 last year, and Ffr 80,000 in 1989) for the Madeleine Collignon Mazis-Chambertin. The top whites were Corton Charlemagne Cuvée Francois de Salins at Ffr 52,000 (Ffr 155,000 last year and Ffr 300,000 in 1989) and Bâtard-Montrachet Cuvée Dames de Flandres at Ffr 50,000 (new last year at Ffr 85,000). The sale total for 110 fewer casks than last year was Ffr 12.852m, compared with Ffr 21.878m in 1990 and Ffr 29.091m in 1989.

These near-disastrous results reflected the growing trade crisis for the upper-level *appellations*, particularly among the whites; although for the regional *appellations* such as Bourgogne Rouge and Blanc, Mâcon and the Côte Chalonnaise, there have been no great sales problems. But demand for such superior "village" wines as Nuits-St Georges and Meursault has fallen sharply, mostly in the vital export market that accounts for 50-60 per cent of the merchants' sales: down 37 per cent in the US, 31 per cent in the UK and 45 per cent in the small but previously-rising Japanese market.

This Margaret Loxton painting shows the vineyard on the site of the old gardens of Château de Meursault. It is one of more than 30 of her works in a new book, *Travels Through Burgundy*, published by Pavilion books at £9.99

Before the Beaune auction, the leading house of Louis Latour announced a 25 per cent price cut for its finer whites; other merchants are expected to follow, less publicly, if they have not done so already. The firms have so much stock that they cannot find the credit to finance the 1991s, even if they wanted to.

The growers are affected, too. Unlike Bordeaux, little *en primeur* sale exists in Burgundy and the '90s, still in cask, have not generally been offered. The growers cannot hope to sell their reduced '91s for at least another year so they are very short of cash.

What, then, are the prospects for buyers in the UK of fine burgundy in view of the over-stocking following three very good vintages in a row and global recession? Retail prices will certainly come down, but few British merchants have extensive stocks of high-priced burgundies and reductions may be modest for vintages that cannot be by-passed by buyers.

The '90 reds have started at lower prices than the '89s and, if marketed at more reasonable prices, these deep-coloured, rich and well-balanced wines should be bought. In Cote d'Or, they are generally preferred to the sumptuous '89s; yet, among the whites, the '89s are more favoured. They are aromatic, supple, elegant – and perhaps cheaper.

For those looking for something to drink now, the under-rated '87s can offer very good, light – but authentic-flavoured – bottles at moderate prices.

Chablis? Mais oui!

Giles MacDonogh dines lavishly

ALL THE wine regions of France have their open days but Burgundy entertains in November. Down on the Côte d'Or, the lavish meals of the *trois glorieuses* are timed to coincide with the the annual wine auctions of the Hospices de Beaune.

The fair in Chablis is on a rather smaller scale but, even so, it is deemed the right moment to pull out the dusty bottles and to sample the menus of what are some of the very best restaurants in France.

I was in Chablis as joint president of the tasting jury. In between the judging sessions were scattered five meals at local restaurants, all of which had been asked to show off Chablis (and some of the region's reds) to the best advantage. The quality of these meals can be gauged by the fact that, between them, the five restaurants had 10 Michelin stars.

Jean-Luc Barnabet (14 quai de la Republique, Auxerre, tel: 86.51.68.88) has just recovered his Michelin star after moving into town from his old premises in Vaux. In the past year, the quality of Barnabet's cooking has become more apparent. One of the advantages of the season was the opportunity to try rare Burgundian truffles; this is said to be a local species which grows under hazelnut trees. Barnabet grates them coarsely over ravioli filled with Dublin Bay prawns. Menus start at Ffr 160.

Michel Vignaud, at the one-star Hostellerie des Clos in Chablis (rue Jules Rathier, 86.42.10.63), is naturally linked more firmly to Chablis as a wine than the other top chefs of the region. One of his signature dishes is a lightly-steamed zander fillet served with a Chablis sauce. Another fish dish of a seasonal nature was a *galette*, or buttery biscuit covered with alternating slices of scallops and Burgundian truffles served with a truffle vinaigrette. Menus start at Ffr 150.

The Abbaye St-Michel in Tonnerre (rue St-Michel, 86.55.05.99) is 30 minutes' drive from Chablis. The Cussacs have two Michelin stars awarded for dishes such as their leek hearts with oysters and caviar and their *feuillete* of foie gras on a bed of rhubarb. Personally, I was rather more taken by a soup of red mullet and clams with mushrooms which managed to retain wonderfully fresh sea aromas, and a slowly-cooked ox-cheek simmered *à la Bourguignonne* in wine and bacon. Menu from Ffr 300.

I had not visited Marc Meneau's three-star restaurant L'Esperance in Vézelay (Saint Pere sous Vézelay, 86.33.20.45) since 1977. Physically, things have changed a good deal in the 14 years which have transformed Meneau from one of the great thrusting hopefuls of France into a member of one of the country's most exclusive clubs. I don't remember very much of that earlier meal, but I doubt very much it would have come up to the standard of this latest visit.

One of the most exquisite things I have ever tasted was the *cromesqui* of foie gras, a small, hot cube of bread crumbs which melts on the palate, sending out waves of foie gras and truffles. The same artistry was apparent in a lobster soup which was brought as a consommé with a *brioche* filled with lobster, but which the waiters proceeded to transform with three spoonfuls of concentrated lobster cream.

A whole small turbot was enriched by being poached in milk; a flattened sweetbread was served as soft as butter under a coating of crunchy rice. Menus from Ffr 300.

The last of my five was the three-star Côte St Jacques in Joigny (14 faubourg de Paris, tel: 86.62.09.70) where I had a faultless meal: creamy little black puddings on a bed of potato purée; a terrine of oysters wrapped in sorrel; pan-fried scallops on a bed of ceps, chanterelles and horn of plenty mushrooms; sea urchins and quail's eggs served in urchin shells; and a Bresse *poularde* steamed in champagne under a pastry flute.

Menu from Ffr 520.

Game for a juicy pie

THE WORDS "raised game pie" roll off the tongue with pleasing resonance. The ornate architecture of the hot water crust towers impressively, and the gastric juices flow in appreciative anticipation when the crust is cut to reveal a meaty mosaic framed in gleaming jelly within.

Time and again in restaurants, *traiteurs* and delis, I have been seduced into ordering it. Time and again, the eating has proved disappointing.

The only other thing that raises expectations equally high, then sends them crashing, is a cup of "freshly-roasted coffee." Just as the taste of coffee nearly always seems to fall short of the deep, dark, well-rounded aroma of the roasting beans, so a bite of raised game pie almost always fails to be the luscious gamey delight implied by its name.

Most raised game pies are, alas, a congealed mass of dryish, toughish, none-too-well-flavoured meats entombed in some of the world's dullest pastry. It is enough to make you choke.

One of the factors that bodes ill for raised game pie is, I think, the prolonged cooking needed to ensure against ignominious collapse after unmoulding. Such lengthy cooking of game without the emollient protection of fat or sauce does little to overcome game's natural tendency to dryness – and, of course, the bigger the pie, the longer the cooking time and the drier the results.

Raised pies made at home tend to be better than bought, partly, I suggest, because domestic cooks may use prime cuts or entire birds while caterers may succumb to treating game pie as a vehicle for scraps. Another advantage of home-made over bought is the fact that a pie is liable to be eaten at one sitting at home whereas the professional caterer's offering may suffer delays – a few slices cut today, the rest kept for long, dessicating days until other customers finish it up.

I cannot pretend that my own home-made raised game pies have been vastly superior. Pork pies and chicken and ham versions are a better bet, the fat of the pig helping to keep the sawdust syndrome at bay. I have, however, now given up making raised pies of any sort because I have come to the conclusion that raising a pie calls for the sort of patience that fancy cake bakers and decorators possess and I lack. Life is too short.

For some weeks now, I have been wrestling with the problem of how to have my pie and eat it; in other words, how to cook game in a crust that is less fiddly for the cook and more pleasing to eat. The idea of rich, gamey flavour and no bones is hugely appealing. I am sick of the sight of the lone server doing battle with the carving knife. Even casseroled game can be hazardous. Think of the sinews in a bird's leg and pity the plight of diners attempting limb surgery with blunt knives.

In the course of my search for an alternative, a friend reminded me of Constance Spry's elegant solution, *gougère de gibier*. With its nicely-sauced slivers of game meat in a puff of choux pastry, this is an excellent recipe for a dinner party.

My own machinations, following a hotpot train of thought based on a preference for bread over pastry and speculation about a savoury variation on doughnuts, have led to the emergence of a much more down-to-earth recipe. Instead of a traditionally-enriched English dough, made with milk, butter and eggs – better suited to sweet dishes than savoury, in my view – I have used an *Italianate base*, enriched with olive oil and herbs.

Buns seemed better than a loaf because they are quicker to bake and that gives the game filling less opportunity to become dry and over-cooked. What is more, individual servings look pretty and are eminently portable.

The ratio of filling to casing is infinitely more generous than is found in a doughnut. The resulting buns look for all the world like any old dinner rolls, but the insides are bulging with as many goodies as a well-packed sandwich.

I give below just three suggested combinations for fillings, springboards from which to come up with your own ideas. Bear in mind that textures and tastes should work well for eating hot or cold.

I recommend using the breast meat of a bird as it is easy to cut into slivers, can be marinated if required, is quick to stir-fry and cools in minutes – all practical considerations for the busy cook. The other components of the filling should be deliberately well-flavoured. Include spices, onions fried to a frazzle (not sweated softly) for maximum impact and plenty of fruit for sharpness, sweetness and lubrication.

Served warm from baking, with mugs of clear game broth (made from the carcasses and less choice cuts of the birds), game buns like these make an appropriate first course for a shooting lunch, or a substantial mid-morning snack for hungry guns on a cold day.

GAME BUNS
(makes 20)

1¼ lb strong white bread flour, preferably stone ground; 1 pkt easy blend Harvest Gold yeast; 1 teaspoon dried thyme; 2 teaspoons salt; a good seasoning of coarsely ground black pepper; ½ pt warm water plus 4 tablespoons olive oil; the filling of your choice (for suggestions see below.)

Stir together the flour, yeast, thyme, salt and pepper to mix them well. Using a food processor or your hands, work in the liquids and knead to an elastic dough, adding a splash more water or a sprinkling of extra flour as necessary. Cover the dough loosely with oiled polythene and put it to rise until doubled in size. Meanwhile, make the filling and let it become cold.

Knock back the risen dough, knead it again lightly and divide into 20 pieces. Roll into balls, hollow into cups and place a heaped spoonful of the filling in the centre. Fold and pinch the dough over the filling to enclose it and roll between the palms again until smooth and round.

As soon as prepared, place each bun on a lightly-oiled baking tray, spacing them well apart (I allow 10 buns per tray). Cover with oiled polythene and prove in a warm place for about 45 minutes. Then brush the buns with a little oil and bake at 425°F (220°C) gas mark 7 for 18-20 minutes.

PIGEON WITH OLIVES AND SUN-DRIED TOMATOES

The breasts of two pigeons; ½ lb chopped onions; 1½ dozen big black olives; 2-2½ oz sun-dried tomatoes in oil; 2 heaped tablespoons capers; 2 teaspoons each water and balsamic vinegar; a smidgeon of olive oil.

Fry the onions in a barely-oiled pan over fairly high heat until well frazzled in places, and remove to a plate. Cut the skinned pigeon meat into quills and stir-fry it briefly in a little more oil. "Wash out" the pan with the water and vinegar. Chop the olives and tomatoes but leave the capers whole. Mix all the ingredients together and spread them out on the plate to cool quickly.

PIGEON WITH CRANBERRIES

The breasts of two pigeons; ½ lb chopped onions; 4 oz cranberries; the juice and zest of an orange; a couple of pinches of cinnamon; a pinch each of salt and sugar; freshly-ground black pepper; a little olive oil.

Cook the onions and pigeon as described above. Add the cranberries and orange juice to the pan, cover, and shake over low heat for a few minutes until the fruit is tender. Season with cinnamon, sugar, salt and pepper. Scrape every drop from the pan, mix with the onions, pigeon and zest and spread out on a plate to cool quickly.

PHEASANT WITH PRUNES

The breast of one pheasant; ½ lb chopped onions; 6 oz pickled prunes (or ordinary prunes soaked overnight in a mixture of hot tea and brandy); at least ½ teaspoon cracked green peppercorns; a little olive oil and 2 tablespoons brandy.

Prepare and cook the onions and game as described above. Chop the prunes, add the other ingredients, mix well and spread the mixture out on a plate to cool quickly.

Philippa Davenport

An exotic gift for Christmas

***Antony Thorncroft** on this year's Orangerie Italiana*

THE Orangerie Italiana is just what it sounds: an exotic gift for Christmas. It first arrived a year ago, the idea of a group of dealers who were already worried by the slump in sales and who thought that a rather grand fair, modelled on the Orangerie in Berlin, would give them an interest and just might attract some trade. The one sector of the market still buying were the Italians, so it was decided that all the offerings should have an Italian provenance and that the Accademia Italiana in Rutland Gate, Kensington Gore, London would be a suitably exotic venue for what were basically a series of room sets.

There was no mad rush of admissions but about 30 per cent of the items on offer found buyers and the exercise is currently being repeated – until December 15 – with modifications. The modern dealers have been eliminated: it was felt that their stock did not fit in with the elegance of an earlier age, or with the setting. But more than 40 dealers are taking part, the great majority British and including such grand old names as Agnew's, Colnaghi, and Richard Green.

The idea of the Orangerie is to get away from the mercenary, collar grabbing atmosphere of most antique fairs. In theory the dealers are not actually be present. They will have contributed a few choice items but the actual selling, or rather guardianship of the treasures, is handled by smart young ladies who will direct interested parties back to the dealers' shops.

Apart from the soft sell the Orangerie Italiana has a few other claims to passing interest. It has come up with a rather good idea for a prize, grandly called the Leonardo d'Oro. It will go to the dealer who has made the most important discovery in the field of Italian art during 1991: already unearthed are such excitements as a fragment of a Christ Child, cut from a larger painting and attributed to the 14th century artist Bernardo Daddi, offered by Rainer Zietz; and a documentary maiolica plaque signed Rombaldoni and dated 1670, from Martin Shopland.

There are also the goodies on loan – frescoes from Pompeii, never before seen in the UK, and a marble bust of a young girl from the late Republican period of Rome. It is the first time that Prince Alessandro Torlonia, whose family has owned the bust for centuries, has allowed any of his collection to go abroad.

But the bread and butter of the Orangerie are the exhibits of the dealers, who supply everything from prints at around £600 to Old Masters topping £1m. The two most expensive items are a Canaletto view of the church of Il Redentore in Venice, offered by Richard Green, and, from Cyril Humphries, a dealer who rarely appears at Fairs, a marble group of Meleager and his Dog by the 16th century Florentine sculptor, Giovanni Bandini. From Agnew's there is a Virgin and Child by Francesco de Mura; from Colnaghi, "The Holy Family" by Giuseppe Maria Crespi; and from Ronald A. Lee an early 17th century Italian table cabinet inlaid with ivory plaques engraved with scenes from Ovid's "Metamorphoses".

Most British visitors will be browsers but a large contingent is coming from Italy, where the Orangerie has excited the public imagination. It really offers another example of how dealers are trying new ways of doing business in hard times. Basically they are buying space by the metre in a grand Kensington house in the hope of seeking out new buyers for objects of art they own with an Italian origin. Some are presenting just one antique; others a cabinet of joys. Their investment will usually work out between £3,500 to £5,000, a fair enough gamble.

Actually these days the life of a dealer is changing beyond recognition. Apart from the really big boys, like Richard Green, who is negotiating to buy the vacated Ackermanns shop in London's Bond Street, many are wondering whether it is worth keeping on their high-rent and high-rate premises when weeks can pass without a sale.

And the deals which make it all worthwhile usually involve cooperation between rivals. Any price at auction above £1m is usually beyond the resources of one London dealer and can only be contemplated by a syndicate. The big coup of the year, the sale to the Getty Museum of Sebastiano del Piombo's portrait of Pope Clement VII for $10m (£5.6m), involved a group of dealers including Agnew's and Newhouse of New York.

Detail from The Holy Family, by Giuseppe Maria Crispa, to be shown by Colnaghi at the Orangerie Italiana

Printmakers find a niche

***Susan Moore** previews an ever more popular show*

AS THE Royal Academy celebrates the innovative genius of Andrea Mantegna – probably the first great artist to concern himself with printmaking – the other part of its main galleries will be given over, for four days, to the London Original Print Fair (January 30 to February 2, sponsored by Star Assurance).

In seven years, this small specialist fair has established a niche in the international art calender, and a loyal following. From humble beginnings (some 15 stands and fewer than 500 visitors a day) it has doubled in size and attendance and increased its international presence. About a third of this year's exhibitors come from continental Europe or from the US.

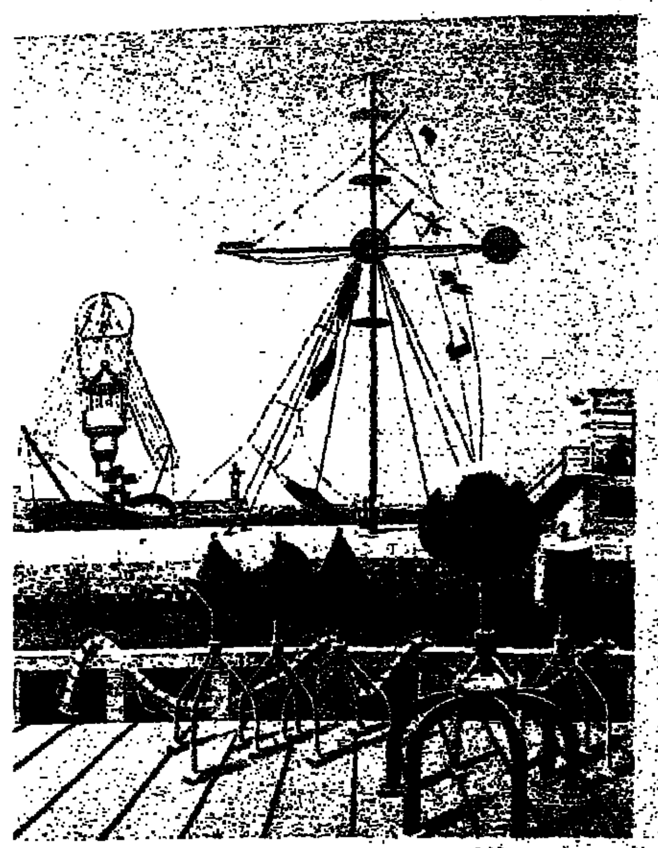
The fair has also spawned its first progeny: the first annual International Fine Print Dealers' Association (IFPDA) Print Fair, held at the New York Armory in October. Last year's London fair opened just before the Gulf War began. Unsurprisingly, sales were slower, especially with dealers reluctant to buy from one another; turnover was down. The success of the recent IFPDA fair bodes well for the London event.

Dealers who took good things to New York seem to have been rewarded. Gordon Cooke sold his two most expensive exhibits, a rare Wadsworth and a Whistler – but only those. Old Master dealers fared particularly well, with Helmut Rumbler of Frankfurt and Hill-Stone of New York reporting very good sales. Alan Stone believes that if the Italians turn up, the Old Master dealers, at least, will do well in London.

Some 86 dealers from nine countries exhibited in New York. The London fair, by contrast, is determined to stay small and exclusive, says Helen Rosslyn, its director. The fair is run by a committee of dealers, which invites only those dealers it deems worthy. Prices, however, are not necessarily so excluding; these range between £50 and £500,000.

Because of the unexpected increase in size of the Mantegna show, the 1992 fair will be slightly smaller than last year, nearly resembling some kind of grand museum shop.

Almost as soon as the spectacular Hokusai show is dismantled, RE Lewis of Larkspur, in California, will step in with a collection of Hokusai prints, including a rare blue impression of "The Fisherman at Kajikazawa" from the "Thirty-Six Views of Mount Fuji". London's Flowers Graphics will show Michael Rothenstein (whose RA show opens on February 7). Hill-Stone was lending a Mantegna print of "The Senators," from the Chatsworth collection, to the Mantegna show; but – happily for Hill-Stone – it is now being lent by the National Gallery in Washington. In its stead, Hill-Stone will bring three unwashed woodcuts after the master by Andrea Andreani, of 1599.



Signals, by Edward Wadsworth, to be shown by Austin Desmond at the London Original Print Fair

A newcomer this year is the Glasgow Print Studio. It has been encouraging printmaking in Scotland for 20 years, shown through its London representative, Clive Jennings. Along with Pratt Contemporary Art and Pratt Editions of Sevenoaks, which exhibit and publish young British talent, it will produce an interesting foil to the young American printmakers shown by Dolan/Maxwell of Philadelphia.

Marlborough Graphics will show Paula Rego and Ken Kiff, and Agnew's will devote its stand to "The Influence of Japanese Prints on French Printmakers, 1880-1910". Those who have looked covetously at the Rembrandt etchings on show in Berlin and Amsterdam, should inspect the stands of Kistner, Paul McCarron and Christopher Mendez.

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CHRISTMAS SHOWS

Bring on the Dames

Claire Armitstead finds out who's taking to skirts this year

IT MUST rate as one of the more eccentric addictions – the urge of otherwise sensible men to enthrall themselves to the pantomime dame, that monstrous conflation of the costumier's wit and the scriptwriter's whim, neither of which is likely to be in the best possible taste. Yet year after year, dozens of respectable actors flock to the service the Ugly Sisters, Ada the Cook, or the preposterous Widow Twankey, in a tradition that is uniquely and vulgarly English.

Some, like Nigel Ellacott and Peter Robbins, two of the best younger dames, appearing this year as the Ugly Sisters at Croydon's Ashcroft Theatre, insist on making their own costumes. A lorry with hydraulic tail-lift had to be hired to transport John Inman's trousseau from London to Brighton, where he is making a speciality appearance as Mother Goose at the Theatre Royal, while Colin Devereaux, who is following his ancestor Marie Lloyd on to the stage of the wonderful Hackney Empire, in East London, hires an industrial unit to keep his frocks fresh from year to year.

Dresses, not diamonds, are a dame's best friend and the younger ones will beg, borrow or steal to build up the wardrobes that will eventually become part of their personae. But costuming is not the only ribbon in the great dame's bow – an exquisite comic timing is essential, along with an ability to "work" audiences of all ages and dispositions. Stanley Baxter, widely regarded as one of the best, is back at Glasgow's King's Theatre in *Cinderella* this year, while Jack Tripp, another old hand, touches down this year in *Babes in the Wood* at Plymouth's Theatre Royal, in a top-notch team including Roy Hudd and June Whitfield. Paul Laidlaw, in common with most of the Scottish dames, is strictly a local hero. He plays his fifth dame in six years in *Jack and the Beanstalk* at the Gordon Craig Theatre in Stevenage, where he is fast becoming one of the fixtures and fittings.

Some dames, such as Tudor Davies, take control not only of their dress sense but of the whole shebang. Davies, who works out of season as a script writer for Russ Abbot, is directing one of the highest profile pantos of the year – *Jack and the Beanstalk* at London's Piccadilly Theatre, in which he stars alongside Cilla Black. Dame Daisy – aka Kenneth Alan Taylor – is the writer of Nottingham Playhouse's *Jack and the Beanstalk*, while last year's ugly sister Iain Lauchlan is this year's Mrs Tweedpants in *Puss in Boots* at the Belgrade, Coventry, which he has also co-written.

Paul Elliott, whose company E&B Productions has 19 pantomimes running throughout the country this year, points to the two different traditions that have grown up around the dame. There is the gloriously improbable macho matron, exemplified by Les Dawson (*Dick Whittington*, Wimbledon, moving on in the new year to Leeds Grand). "The butcher the better. He's Les Dawson in a dress, ludicrous, vulgar and wonderfully funny."

Then there are the subtler female impersonators, who emphasise the glamour of cross-dressed comedy. E&B has Danny La Rue as a bill-topping Widow Twankey in *Aladdin* at the Mayflower, Southampton, while one of the home-produced pantos, at the Palace Theatre, Watford, has Dr Evadne Hinge as an imperious Queen Rat in *Dick Whittington*, written by the veteran pantoholic Roy Hudd. (Pantomime has for several years submitted to market forces, allowing Hinge and Bracket to top separate bills).

Impresario Kevin Wood, who has 10 pantos on the go this year, disapproves of the female-impersonating dame. "The whole point about the dame is that it's a man trapped in women's clothing. To have a straight female impersonator destroys the humour," he insists. But he admits to making an exception for Dave Lynn, who makes his panto debut in *Cinderella* at the Wyvern Studio, Swindon. Lynn, famous as a transvestite presenter at London's Heaven nightclub, will be leaving his regular following behind in a brave attempt to prove himself a commercial proposition.

Such risks are the staples of a panto producer's life, and each dines out on the converts he has made. Paul Elliott boasts of persuading Bernard Cribbens into skirts, while Kevin Wood is is particularly proud of his husbandry of some of the younger dames. He tips Tim Diggle, who makes his second panto appearance this year in *Beauty and the Beast* at Brentford's Waterman's Arts Centre, as a face of the future. But he is also fielding a first-time dame at the Prince's Hall, Aldershot, where Granada TV presenter Steve Whatley will be appearing in *Babes in the Wood*. Only when they have proved themselves in small theatres will they be allowed to graduate to the glitzier shows.

For those who remain immune to the virtues of commercial panto, there are a scattering of "alternatives". The Theatre Royal, Stratford East, traditionally fields one of London's finest Christmas shows, with the result that this year's *Mother Goose*, scripted by playwright in residence Patrick Prior, is booked out well into the new year. Another *Mother Goose* comes from Camden's Shaw Theatre, which has cornered the cheap and cheerful end of the market. The talented Bill Oddie, an ex-Goody and regular contributor to the theatre's Christmas revels, writes and directs for the first time this year with his wife Laura Beaumont. Their debutante dame – hot from *Brookside* and *The Chinese Detective* – is David Yip.

Television, of course, has made its mark, but you don't find many sports heroes doubling as dames, for the simple reason that she is the workhorse who has to carry the novelty appearances. The huge rollcall from prime time TV provides an annual reminder that most of today's soap studs were yesterday's troupers. *You Rang M'Lord* provides a couple of notable butler-dames. Jeffrey Holland is Widow Twankey in a strong *Aladdin* at the New Theatre, Cardiff, while his sidekick Paul Shane appears with longtime collaborator Su Pollard at the Sheffield Lyceum. Gorden Kaye's appearance in *Mother Goose* at the Orchard, Dartford, marks a return to the fold of a dame who last appeared in panto at the Theatre Royal, Stratford East, before *'Allo 'Allo*, was a blot on the scriptwriters' copybook.

Why the appeal? "The man who proves he can play a dame will never be out of work," says Kevin Wood. "Panto's the greatest fun in the theatrical calendar," adds Paul Elliott." "And the money ain't bad either."

Claire Armitstead

Dresses are a Dame's best friend: Les Dawson in 'Dick Whittington' and Danny La Rue in 'Aladdin'

Going straight to the theatre

YOU HAVE a family to entertain but you are allergic to pantomime, so what do you do this Christmas? If you are within reach of London you could take them to one of the West End's long-runners. *Five Guys Named Moe*, at the Lyric, Shaftesbury Avenue, is a joyous testament to the potential of London's fringe theatres – a musical revue, based on the songs of Louis Jordan, which swept in from Stratford East to the West End and has been busting the box office ever since.

Legend has it that producer Cameron Mackintosh happened to take his staff to see the show for their office outing last year, and was so bowled over that by the interval he had signed it up, complete with deviser Clarke Peters and its all-black, all-gold cast. Don't go unless prepared to conga in the aisles.

Six years into its West End run *Me and My Girl* is becoming one of the standing stones of the West End, its billboards rearing out of the Strand like gaudy stalagmites. Here is another corner of showbusiness history – an archeaological dig culminating in a reconstituted book by a bright young man called Stephen Fry, a short out-of-town run at the Leicester Haymarket, a glittering transfer to London and a whole lot of happy bank managers.

The survival of this pre-war musical is due to a felicitous mixture of fantasy (a jolly cockney discovers he is is a lord), romance (he remains true to his cockney sweetheart in spite of all the debs on offer), and song. *The Lambeth Walk* and *Me and My Girl* hold pride of place in Noel Gay's anthemic score, which has been tactfully bolstered in revival with popular hits from times gone by.

There are only a few weeks left to see Brian Conley's splendidly brazen Bill wrestling with a tiger-skin, slapping baronial bottoms and stealing family fobs with the sleight of hand, head and heart of a young Tommy Steele. New year, new cast.

For those with children, Roald Dahl's best-seller *The BFG* is done honourable service by David Wood at the Aldwych, while Glyn Robbins' unstoppable dramatisation of C.S Lewis's *The Lion, the Witch and the Wardrobe* brings Narnia to the Mermaid. For the very young, the Fortune Theatre hosts *Bertie Badger's Christmas Adventure*, a musical play which is one of the few to cater for children as young as three years old.

On a smaller scale, two *Snow Queens* are worthy of note. The Young Vic's version has already been praised on this page by Alastair Macaulay. A second production is running at Covent Garden's Theatre Museum, where you can also catch up on an imaginative exhibition on the making of the National Theatre's Christmas hit, *Wind in the Willows*, which has been revived on the South Bank this year.

Brian Conley: splendid in 'Me and My Girl'

Out of town, *Haiwatha* canoes into Bristol Old Vic, in Michael Bogdanov's version, commissioned originally by the National Theatre. The Nuffield Theatre Southampton, fields *Three Musketeers*, a winner from Manchester's Royal Exchange, while Birmingham Rep hosts a new musical version of *The Pied Piper* by the up-and-coming Anthony Clark.

The Arts Centre in Coventry, is the venue for an intriguing co-production by Warwick University and London's Unicorn Theatre for Children, which involves a retelling of Hans Christian Andersen's tales by some modern story-tellers, including Fay Weldon, Charles Causley and Ken Campbell.

The Brothers Grimm provide a starting point for Charlotte Keatley's *The Singing Ringing Tree*, at the Contact Theatre, Manchester, while a quintet of classic children's stories are the basis of *The Magic Storybook*, which the Oxford Stage Company is bringing to the Oxford Playhouse.

Claire Armitstead

Opera

Mozart n' glitz

OPERA-GOERS looking for the big Christmas treat in London can choose Mozart, all Mozart, and nothing but bicentennial-celebratory Mozart at Covent Garden; and, at the Coliseum, a couple of glitzy modern-production spectacles from English National Opera – plus (surprise!) Mozart. The Royal Opera mounts this month its *first-ever production* (by Graham Vick) of *Mitridate*, an opera seria written (for Milan) when Mozart was barely in his teens, with a splendid cast led by Bruce Ford, Yvonne Kenny and Jochen Kowalski, alongside a revival of the bouncy 1987 Johannes Schaaf production of *Le nozze di Figaro*, with a similarly splendid cast led by Thomas Allen, Felicity Lott, Marie McLaughlin and Anne Sofie von Otter.

According to taste, the ENO's new production of *Die Fledermaus* (by Richard Jones) and its two-year-old one of *Rimsky-Korsakov's Christmas Eve* (by David Pountney) will afford either huge delight or displeasure. To mine both are grossly over-egged puddings; in each case a great deal of elaborate mechanical inventiveness is on show. The same company's new *Figaro* – another Graham Vick Mozart staging – is a fine-tuned, expertly balanced example of opera-in-English at its most valuable and meaningful: beautifully sung (by, among others, Bryn Terfel, Anthony Michaels-Moore and Joan Rodgers), intelligently acted, and far more than just an alternative to the glossier *Figaro* up the road in WC2.

Opera North, true to adventurous form, has revived last year's utterly delightful production of Nielsen's joyous, spirit-lifting *Masquerade* – well worth visiting Leeds for – in tandem with a new *Butterfly*. *Butterfly* and *Carmen* are the Scottish Opera staples in Edinburgh (December 10–13) and Glasgow (17–21). Welsh National have mounted a portable *Don Pasquale*, with a cast including the highly promising young Welsh soprano Rebecca Evans, which between December 16-January 14 visits Treorchy, Port Talbot, Swansea, Abergavenny, Coleford, Brecon, Rhyl and Haverfordwest.

This is small-scale opera; for those who hunger for the biggest, it's back to London, after Christmas (December 29-January 10), and to the Wembley *Arena in company with the* Royal Opera. The plan to transform the celebrated 1984 *Turandot* into the latest example of arena-opera is put into action by Edward Downes as conductor, and a variety of casts led by a sextet of Turandots – Gwyneth Jones, Grace Bumbry, Ruth Falcon, Ghena Dimitrova, Eva Marton and Galina Savova.

Max Loppert

Ballet

Oh, Nuts!

'The Nutcracker' according to the Royal Ballet

THAT Christmas means *The Nutcracker* is a fact known to innocent tots and wily theatre managers alike. Whatever else may fail – from digestion to tempers – as Yuletide wreaks its havoc, somewhere someone is being entranced by the Sugar Plum Fairy and (if young enough) being given the screaming mimis by the Mouse battle that precedes the waltz of the snowflakes. This year is no different.

For parents and children in London there is choice: at Covent Garden the Royal Ballet is showing its elegant and civilised staging between December 21 and January 8.

On the South Bank, English National Ballet is, as sure as mince-pies, playing its new Ben Stevenson *Nutcracker* between December 23 and January 18 at the Royal Festival Hall, with matinee and evening performances every day – spare a thought for the dancers! – between December 26 and January 4.

In Birmingham, that city's section of the Royal Ballet shows another lively and happy version from December 9 to 21 – but yields the stage of the Hippodrome to pantomime thereafter.

As an alternative, London City Ballet will be at Sadler's Wells Theatre from December 17 with *Swan Lake* every day until December 31; then shows a new *Romeo and Juliet* on January 2,3,4.

Scottish Ballet is currently playing its very own seasonal treat in Glasgow – *Cinderella* – but ends its season on December 14, and only starts again, with *Cinderella* again, in Aberdeen between January 14-18.

Clement Crisp

My Book of the Year

Today our writers and critics nominate the books they have enjoyed reading most over the last twelve months. No rules were imposed but, as you will see, all have been encouraged to be adventurous and broaden their interests away from their usual subjects

Arthur Miller, New York, 1983: one of the many wonderful photographs in 'Passage', a major retrospective of the work of American photographer Irving Penn (Jonathan Cape, £50; 300 pages)

■ *One of the saddest experiences* I have had was to observe the decline of the poet Henry Reed in the latter part of his life. He became a recluse in his London flat, reluctant to accept any invitation, producing nothing. Apart from the frequently anthologised "Naming of Parts" and the occasional reference to one of his radio classics such as Hilda Tablet, the so gifted Henry was, it seemed, by the world forgot. I was therefore delighted when **Collected Poems of Henry Reed**, edited and introduced by Jon Stallworthy (Oxford), appeared this year. Here at last are the Arthurian and classical poems, the Leopardi translations, and poems from the radio plays, all of them where they belong – with *The Lessons of War*. Now we need the same excellent job done for Reed's prose.

Anthony Curtis

■ Two new books from New York have given me great pleasure this year: **The Divine Sarah** by Arthur Gold and Robert Fizdale (Knopf), and *Lincoln Kirstein's* **By With To & From** (Farrar Strauss). The first is Sarah Berhardt's life told with the scholarly *élan* and delight in gossip that marked the authors' earlier study of Misia Sert, and is hugely readable. The second is a Kirstein "reader": a selection of articles, poems, diary entries, from one of America's greatest and most potent forces in the arts of this century. Reading him on Hart Crane or Balanchine or Paul Cadmus or photography – on anything, in fact – and you are in contact with a mind brilliant, generous, uncompromising. *Tremendous stuff from a* tremendous man.

Clement Crisp

■ **Thinking Strategically** by Avinash Dixit & Barry Nalebuff (W W Norton) offers essential training in making choices and weighing possibilities not only in *business but in daily life. Reading* it is a trip to the gym for the reasoning faculties. It presents game theory and business strategy as understandable, usable and everyday tools for living with others. Its examples of tactics in action range from King Lear to Maradonna. And the case studies make great bit-reading in queues or waiting-rooms.

I also much enjoyed Howard Rheingold's **Virtual Reality** (Secker & Warburg), which describes the computer-created world waiting around the corner of the century, and Simon Schama's **Dead Certainties** (Granta), which sent a bright spark between history and fiction: illuminating.

Andrew St George

■ **The Memoirs of Kingsley Amis** (Hutchinson) made me laugh more than any other book I read this year. It was, I know, given quite a going-over by many of our colleagues, but I could not quite see why. Disingenuous and mischievous as ever, our hero managed nevertheless to turn each story at last *against himself*, which, while not drawing any of the barbs already thrown and fully home, was a nicely wicked post-emptive strike.

The best art book, most beautifully produced, was the memoir and catalogue raisonné of the engraver, Blair **Hughes-Stanton** (d. 1981), by his daughter Penelope (Private Libraries Association, Pinner).

William Packer

■ If you are bored with relations this Christmas why not invite yourself into the home of the Cazalets, the comfortably middle class family created by Elizabeth Jane Howard. **Marking Time** (Macmillan) is the second volume of a saga which merits comparison with the Forsyte in its meticulous period feel (we have reached the early years of the Second World War) and re-assuring credibility – *fatalities, to date, amount to* two cats and one grandmother. The Cazalets have one distinct advantage over the Forsytes – like most people they are basically nice, a welcome rarity among fictional families. This is ideal *relaxation for well-tuned minds*, but do it properly and read volume one, **The Light Years**, just out in paperback (Pan), first.

Antony Thorncroft

■ *My book of the year bends the* rules – a 1989 novel published this year in paperback (Picador). Nevertheless, **See Under: Love** by the Israeli David Grossman is a work of such astonishing originality, power and breadth that *it would dominate any year's* reading. Nominally a work of fiction, it is clearly also a piece of autobiography, and at the same time an outpouring of free-flight (yet always coolly logical) fantasy; and its "magic-realist" style, far from *being* a gesture toward literary fashion, is truly a personal statement of the greatest courage – for Grossman's subject is the Holocaust, and its treatment in this way amounts to an awesome deepening of our own understanding of its horrors.

I also greatly admired the newest, and last, Isaac Bashevis Singer novel, **Scum** (Jonathan Cape), a "whole world" as complete and vivid as any Singer has realised, and far more darkly coloured than most; and **The Beautiful Screaming of Pigs** (Scribners) by Damien Galgut, a spare, alarming novella of the new South Africa coming painfully into being, by a young writer whose every lean, laconic word is placed with a peculiar quiet authority.

Max Loppert

■ Milan Kundera's novel, **Immortality**, issued by Faber in Peter Kussi's lucid, authoritative *translation from the Czech, adheres* to the seven-section paradigm that Kundera has made his own and which seems to allow him a quasi-musical control of structure and pacing. In his hands, the novel of ideas is uncommonly interesting, uniquely un-dry. Ideas have the same status as characters (the latter include Goethe and Hemingway, as well as modern Parisians) and characters can be born out of the merest motif or observation of physical gesture. If **Immortality's** playfully involved narrative proves a trifle exasperating, its rich intellectual counterpoint remains irresistibly readable.

Paul Driver

■ My choice this year is **The Honest Rainmaker** (Fourth Estate) by A.J. Liebling, a collection of pieces about one of Liebling's incomparable New York characters, Col John R. Stingo, tipster and raconteur.

Liebling's description of Stingo's sentences, soaring like boomerangs "*until they swoop and dart across* the mind . . . for a clean strike every time," exactly captures the felicity of his own prose. An Anglophile, a gourmet, a follower of Pierce Egan and the Noble Art, he was a master stylist who delighted his *New Yorker* readers in the days of Harold Ross and William Shawn.

But beyond Liebling's skill with words there *lay something* more precious: a deep and abiding respect for humanity. It is this which enabled him to present his characters in the round – so different from the superficial caricatures of the Kansan Damon Runyan. Although it is 28 years since Liebling died, his admirers still gather every year to toast his memory, for he is, in Tom Wolfe's words, "irreplaceable".

Geoffrey Moore

■ Let's hear it for the Duke of Devonshire and friends, toiling almost vertically up Hayna Picchu, in the heart of the Peruvian jungle. They pause on the way to collect a few cuttings for the conservatory at Chatsworth, then push on towards the summit, where they plan to enjoy a spectacular sunrise from the Inca ruins on the top.

What they find when they arrive is a *Scotsman* with a beard, emerging reluctantly from his sleeping bag and thinking to himself that you can't get a night's peace anywhere any more.

Patrick Leigh Fermor tells the Scotsman's story, and others like it, in **Three Letters from the Andes** (John Murray), an account of his Peruvian holiday written for his *wife, who had sensibly* stayed at home. It's a slim volume, scarcely of book length at all, but crafted as always in supremely elegant prose.

Nicholas Best

■ Months after finishing Robertson Davies's latest novel, I am still savouring **Murther and Walking Spirits** (Sinclair-Stevenson). *What's Bred in the Bone* nearly won the Booker Prize some years back. I wish it had, and that more people had discovered the magic of Robertson Davies. He looks like Merlin, or Santa Claus, and his books are genial and gently erudite. More original still, they have a *whiff of the metaphysical. Murther and Walking Spirits* begins with a blow from a cosh which rubs out the hero. Flashbacks follow – but not, as a lesser novelist might have done, merely into the late hero's life. Robertson Davies is after *something less* prosaic; vignettes of his country's begetting and a meditation on history itself. When an Ackroyd or a Byatt forays into the past, it is as if giant earthmoving machines were burrowing into the humus. Davies, on the other hand, with Welsh wizardry in his veins, simply dances.

Patricia Morison

Reading a novel by Muriel Spark is rather like watching an expert chef prepare a soufflé. The ingredients are perfectly gauged, but handled with an ease that precludes the use of common, rigid implements like measuring spoons or graduated cups; every movement *is deft and* deceptively easy-looking. And the result is never just a sum of eggs and flour and butter and milk, but an entity in itself, subtle, elusive and totally satisfying. So, in **Symposium** (Constable/Penguin), the author mixes irony and wit *and serious ideas and fanciful* plotting to produce a work that only Spark could invent. Though there is a murder in the novel, the book did not come to me for review. Contrary to popular belief, reviewers do on occasion go out and actually *buy* books. I have my cheque book ready for the next Spark.

William Weaver

■ Much of my 1991 went in reading *Clarissa*, and few of the other books I read were new. I could not, however, resist two books on our last Prime Minister. I'm not a Tory voter; she stopped me from being that. But Thatcherism is the way I was brought up, and for me it will long remain a compelling topic.

I am tempted to choose John *Ranelagh's* ***Thatcher's People*** (HarperCollins). This is a highly selective book: it mulls long over the early, crucial years and fast-forwards over the period 1982-88. But its array of revealing interview material is first-rate; and its discussion of Thatcherism in context is acute. Still, my vote goes to the new, expanded, final edition of Hugo Young's **One of Us** (Macmillan) – an already excellent book in its 1989 and 1990 editions. *I love Young's broad, calm,* keen authority. Also his modesty. He never says "As I said at the time" – though very often he did.

Alastair Macaulay

■ **'The Holy Fox': a Biography of Lord Halifax** (Weidenfeld & Nicolson) by Andrew Roberts because, as a young historian, Roberts took the opportunity of writing about a man who has not been properly covered before. Halifax may have been dull, but he held a lot of offices and might have been Prime Minister. Roy Jenkins's **A Life at the Centre** (Macmillan), especially for the middle bit about his near-leadership of the Labour Party which suggests what might have been. **Shakespeare Domesticated** by Colin Franklin (Scolar Press) which shows how the 18th century looked at Shakespeare: Thomas Bowdler, whose name became a term of abuse, was a considerable scholar in his time and was well regarded for seeking to make the Bard more civilised.

Malcolm Rutherford

■ I choose the anarchic fantasies of cartoonist-painter John Glashen as collected in **John Glashen's World** (Robinson Publishing). It offers a chance to see together the cast of crazy inventors like Anode Enzyme, rich men and beggars, *social climbers, thieves and* perfidious lovers, which has spread across his work in newspapers and magazines for the last 25 years. While many cartoonists work economically in fine lines, Glashen is an artist who fills out generous detail of landscape or architecture as background to his figures and comments. He follows in the *traditions both of the English* watercolour and of oddball English humour, and this volume shows him to be one of the funniest dissectors of British social and cultural life: irresistible, uproarious and refreshing.

Jackie Wullschlager

■ *In* **Mab's Daughters** *(Macmillan)*, Judith Chernaik uses her academic background as a Shelley specialist *to re-create the diaries of the four* women involved in the poet's life between 1815 and 1816. The scant historical material provides melodramatic tales of elopement (Mary's with Shelley), seduction (Clare's by Byron), and suicides (of their half-sister, Fanny, and Shelley's abandoned wife, Harriet).

Besides telling a riveting story – all the more interesting for being based on true events – Chernaik's wry humour gives a very *contemporary ring to* these women's predicaments. It is all so vivid that I was sent straight back to the original texts of Mary Wollstonecraft, William Godwin and Shelley himself, feeling that I had a new insight into their work – a rare achievement indeed for a novel.

Alannah Hopkin

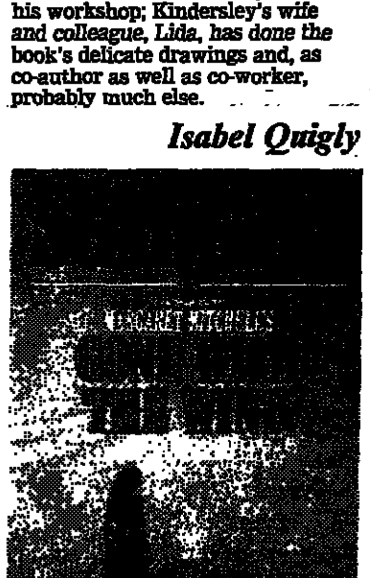
■ Comparisons are invidious, and promiscuous literary tastes like mine make it impossible to choose just one from many good things. So I nominate several Books I Am Pleased Were Published This Year. Reasons for being pleased need not turn on literary merit, nor on *novelty or even usefulness. One* choice is Rosemary Ashton's **G.H. Lewes: A Life** (Oxford). It is about time this unsung hero of Victorian letters had a biography to himself. He is responsible in part for George Eliot, and for some of us choosing the study of philosophy.

Another choice is **The Chatto Book of Dissent**, edited by Michael *Rosen and David Widgery. It* anthologises the eloquence of protest against war, oppression and injustice, and does mankind credit. It is now fashionable to deride French eggheads; St Germain des Près has come, like Bloomsbury, to represent pretension and self-indulgence. But there is great charm and interest in Simone de Beauvoir's **Letters to Sartre** translated by Quintin Hoare (Radius). As a testament to man's courage in the face of frightful *disease, neurologist* Jonathan Cole's **Pride and a Daily Marathon** (Duckworth), an account of one of his patients, is touching and extraordinary.

A.C. Grayling

■ **Letters Slate Cut: workshop philosophy and practice in the making of letters** by David Kindersley and Lida Lopez Cardozo (Cardozo Kindersley Editions) is treasure-trove for anyone who *responds to lettering* – its subtleties, complexities and implications. A manual for the aspiring professional, an inspiration for the amateur who can only wonder and admire, it is packed with wise practicality and a life time's experience of the design, meaning and purpose of letters and signs; with pictures of Kindersley work – photographs and line-drawings – which illustrate what he is talking about with beauty and exactness. He was Eric Gill's last apprentice and for a while, after Gill's death, took over his workshop; Kindersley's wife *and colleague, Lida, has done the* book's delicate drawings and, as co-author as well as co-worker, probably much else.

Isabel Quigly



■ I have enjoyed three big books this year. The first **The Honourable Company** by John Keay (HarperCollins) is a history of the English East India Company and *has enough rumbustious adventure* stories in it to shock and delight any armchair reader. I particularly enjoyed the early days of the spice trade when Bantam and Mocha were in their heyday. My second is Elizabeth Jane Howard's **Marking Time** (Macmillan) which is the middle volume of a trilogy of books which gives back the family saga *a good name. best of all, the author* treats the vagaries (sometimes extreme) of her characters with affection and humour rather than the contempt so many novelists seem to have for their creations. My third may be disallowed on this list since it was written by my brother, Thomas Pakenham. **The Scramble for Africa** (Weidenfeld & Nicolson) is a *brilliantly exciting* history of how the European powers carved up Africa. Scholarly and readable. Need I say more?

Rachel Billington

■ *I enjoyed Sir John* Pope-Hennessy's autobiography, **Learning to Look** (Heinemann) for its cool justification of the almost lost art of connoisseurship. His Mandarin voice has, since the late 1930's, echoed around the *galleries of the major museums* of London and New York, always reverberating with the tone of serious scholarship. His particular love of Italian sculpture enriched the collections of the Victoria and Albert Museum in quite remarkable *ways. It is hard to write about the* search for that truth which is embodied in works of art. Pope-Hennessy succeeds by exposing an enviable lifetime's dedication to tunnelling in the deepest mines of art historical research. I found his determined concern to protect his own privacy something of a relief. *Ideas* are more important than personalities; and this is a book about the ideas that govern a disciplined, aesthetically rewarding and quietly hedonistic life.

Colin Amery

■ For 30 years Geoffrey Hill has *been writing* poetry that makes poetasters out of all his fellow "poets". His literary criticism is no less refined than his poetry. Chocked with quotes and allusions and pedantrics and puns, it is deliberately aloof. Some readers will find that *arrogant, but others* will be grateful to lose the tinkle of ideologies and trendinesses. **The Enemy's Country** (Clarendon Press) is about the place where poetry meets the world. Ostensibly it is a study of Dryden and Pound: *covertly* Hill is brooding on the injuries suffered by anyone who acts out of expedience. The *academic apparatus is deceptive:* it carries reproaches and plaudits that amount to a testament of guarded martyrdom.

Nigel Spivey

■ Most of us probably associate Aung San Suu Kyi, winner of this year's Nobel Peace Prize and the *leader of* Burma's National League for Democracy, with a quarrel in a far-away country between people of whom we know nothing. Despite a *landslide* victory in the May 1990 elections she has been under house arrest for two years. The daughter of Aung San, the national hero who negotiated Burma's independence in the 1940s, she is brave, intelligent and beautiful. Her husband Michael Aris, an Oxford don, has edited **Freedom From Fear and other writings**, by Aung San Suu Kyi, with a foreword by Vaclav Havel (Viking and Penguin). The book includes essays and speeches, a portrait of her father, reminiscences of Suu Kyi by two friends and assessments of her role in Burmese politics. A sane and moving document to set against the dotty xenophobia of Burma's current regime.

Mark Archer

■ **The English Way of Death: the Common Funeral Since 1450** by Julian Litten (Robert Hale) is a fascinating, informative account of why we dispense with our dead the way we do. A visual treat, the book contains enough detailed information for specialists while also providing plenty of telling *anecdotes for the rest of us stiffs*, such as the story of Sir William Pendarvis, who had a copper coffin made for himself which could double as a punch-bowl until his drinking habits necessitated it be put to its final use; or Francis Douce, who designed his coffin with an elaborate alarm system lest he mistakenly be buried alive. A necessary companion to the V&A's upcoming funereal exhibition.

Stephen Amidon

■ Generally speaking, popular music has been ill served by its chroniclers. Folk, blues, jazz, rock – all these categories of musical expression have been caricatured, demeaned or simply dismissed by the majority of writers who have regarded themselves as serious *critics of musical expression.*

Bob Dylan, the musical chameleon who celebrated his 50th birthday earlier this year, has been particularly ill served by his chroniclers (deified or demonised, depending upon their point of view), but this year, with the publication of **Bob Dylan Performing Artist** (Xanadu) he found in Paul Williams *an astute interpreter of his* achievements who not only shed new light on many of his earliest songs, but whose sensitivity to the interplay between writing and performing – how the writer can be harried by his unpredictable talents as a performer *on stage* – raised the art of writing about popular music to a new level. And *in so doing, he helped to dispel an* illusion cherished by so many of Dylan's hagiographers: that the private person must always hold the key to the public persona.

Michael Glover

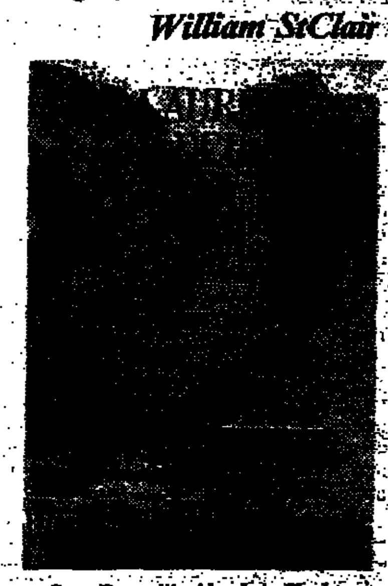
■ If the editor permits I would like to break all the rules and select a reissue for the Book of the Year. I do not think it is nostalgia for times past or places familiar that explains my choice of **Elizabeth Bishop's Complete Poems** (Chatto & Windus). Re-reading old favourites like *The Fish, The Armadillo* and *The Moose* but also many unfamiliar poems, I was struck again by that distinctive American voice which combines extreme clarity and precision of observation with something other-worldly and unknowable. It is poetry that grows richer with time.

This is a notable year for reissues. The literary event of 1991 is surely the reappearance of the Everyman Library in real cloth binding, with *readable print and* paperback prices. I look forward to the promised new titles to be added to the old.

Zara Steiner

■ A new Arthur Miller play is an event to be savoured. If you cannot get to London to see **The Ride Down *Mount Morgan*** at Wyndham's Theatre, read the book (Methuen). Lyman Felt, who has been contentedly married to two women for years, wakes up in hospital to find them both at his bedside. The secret is out. The play is very funny, but as ever *Miller has deeper* themes to explore. Lyman, despite his deceptions, is sincere in his way. At times coarse, he is also lyrical and sensitive, and prey to guilt. The women, to both of whom he has brought genuine happiness, offer their alternative unsatisfactory moralities. "Maybe it's simply that if you try to live according *to your real desires, you* have to end up looking like a shit." In the hands of the master *dramatist* the action shifts effortlessly between words and thoughts, through past and present.

William StClair



■ *Sara Banerji's* ***Absolute Hush*** (Gollancz) is an exciting story of fire, destruction and sexual mayhem in the Second World War. Young twins discover each other while their mother refuses to send them to school and copes with being a war widow – with the help of the local air base and airmen who visit but never return from missions. The crackle of flames is the constant backdrop to this splendid novel, eventually consuming a lovechild and most of the moated house, where the family live their ostrich-in-the-sand existence. But the surprising result is grace and redemption. Sara Banerji writes with a sharp discernment and a mordant turn of phrase which leave the reader alternately cackling and aghast at the goings-on.

Gerald Cadogan

■ Benny Catchprice is 16. He has peculiar opal eyes and red lips, real red, too red, like a boy-thief caught with plums. He wants to become an angel. In that he is disappointed. But he is only one of various characters that light up Peter Carey's novel, **The Tax Inspector** (Faber & Faber), like ship's rockets. It is set in a Sydney suburb. The *story fizzes and fumes. But it is* Carey's colossal talent with characters that I find most impressive. If you haven't read *Bliss* or *Illywhacker* or *Oscar and Lucinda* or *The Fat Man in History*, then do; then try this.

Michael Thompson-Noel

■ Literary Editors are required to read too many books and by year's-end are *too overwhelmed* to see things clear. Allow me three eccentric choices, steering away from the critics above . . .

First, a new novel, **Slide** by James Buchan (Heinemann) – a youngish novelist evidently at an important point in his career where he is trying to tighten, to refine, to get to the essence. There are hordes *of young novelists*, most of whom will vanish without trace. Jamie (grandson of the famous John) is finding his personal voice and is to be watched.

Second, and topical in view of the RSC staging of *The Strange Case of Dr Jekyll and Mr Hyde* at the Barbican, Robinson Publishing have issued an attractive and well *priced hardback edition of the* **The Colleted Shorter Fiction of Robert Louis Stevenson**. It contains "all those stories under 50,000 words long" – so it doesn't have *Treasure Island, Kidnapped*, etc., but includes *J & H, The Beach of Falesá, Olalla*, and much more – and much that will be new and exciting to those of us who are remembering that Stevenson is one of the great masters.

Finally, Zane Grey's **Riders of the Purple Sage**, reissued as a Penguin Classic. I'm sure that you don't read "Westerns". Here is the masterpiece of the genre, dating from 1912, one of the most extraordinary popular novels of our century. You don't believe me. Please try it.

JDF Jones

Gardening books are on page XVIII

ARTS

Freddie Mercury's last buy: Tissot's portrait of his mistress (Christie's, £160,000)

Pop affair with the saleroom

THE DEATH of Freddie Mercury, the flamboyant singer of the pop group Queen, has robbed the art market of one of its best customers. He was often to be found at Christie's in South Kensington checking out domestic furniture and was a serious collector of Japanese works of art and 19th century paintings. His great passion was surprising – the coquettish nudes of Sir William Russell Flint. Mercury ensured that the prices of this basically superficial artist remained solidly high.

A few days before he died Mercury paid £160,000 at Christie's for a portrait by Tissot of his mistress, Mrs Kathleen Newton. Bidding at the same auction was Andrew Lloyd Webber, who in the past decade or so has assembled the finest collection of Pre-Raphaelite paintings in private hands. Lloyd Webber was unsuccessful on this occasion but a few days later he carried off all the best pieces at a Sotheby's auction of the work of the arts and crafts potter, William de Morgan. His former partner, lyricist Tim Rice, prefers to buy juke boxes.

The entertainment industry, and in particular pop music, supplies the salerooms and dealers with some of their most loyal customers. The world never stops singing so their incomes remain gargantuan and artistes, carried away by their own creativity, often develop a fondness, sometimes an actual knowledge, of art. Also they are not the most over-worked of individuals: they have plenty of time to browse. Bob Geldoff is seen more frequently at contemporary art shows than on stage and Roger Daltry of the Who is another who has forsaken singing for bidding. Annie Lennox of the Eurythmics (photographs and china); Paul McCartney (whose multi-million pound collection ranges from Rupert Bear illustrations to paintings by de Kooning, Picasso and, in particular Magritte); and Mick Jagger are also familiar faces at auctions and in the shops of West End dealers. Jagger's taste is getting very refined – he was recently the under bidder at a Christie's sale of Old Master drawings.

Perhaps the most active, and certainly the most eclectic collector, is Elton John. Three years ago he had a clear out at Sotheby's and was £4.8m richer. He announced that he was giving up all his jokey magpie buying habits – pop memorabilia, jewels, art deco and art nouveau fripperies – in favour of a more austere, mature, image. A few months later he was a key buyer at the first auction of contemporary Soviet art in Moscow, securing two paintings for £44,000 each. More recently he was back to his old tricks, buying art deco furniture.

Many pop collectors are predictable – no surprises that David Gilmour and Nick Mason of Pink Floyd buy classic cars or that Bill Wyman, the oldest Stone, is determined to assemble the definitive archive of the band. Some reveal an unexpected sensitivity – you do not immediately associate Bryan Ferry with Poole pottery. In the main they prefer nostalgia to the present – at Spinks recent sale of art associated with the Bloomsbury Group three pictures found pop homes, while Brian May of Queen collects early photographs.

But this is small beer compared with the American stars. Naturally Madonna is the most committed collector. She now has her own curator and in the last three years a high proportion of her annual income, estimated at around $30m, goes into art, mainly contemporary and 20th century. Some of her acquisitions are designed to shock: a painting by the Mexican artist Frida Kahlo of her birth, depicting her emerging from her mother's womb, has turned a few stomachs. Madonna has helped push the prices of Kahlo sky high and was probably the buyer of a striking self portrait of the artist which sold this summer for $1.65m. The evocatively glamorous 1930s women of Tamara are perfect Madonna taste, but she also buys Picasso and has works by Léger in her bedroom.

For generations Hollywood has invested heavily in art. Some of the best Impressionists in private hands are in Los Angeles appartments, usually owned by the heirs of the old studio moghuls. Today the record industry supremos maintain the tradition: David Geffin is a major buyer – last month he paid $3.42m for a de Kooning.

Actors are also active. Barbra Streisand collects Americana; Dustin Hoffman toys, in particular Teddy Bears; Jack Nicholson modern art – he bought a Soutine at auction last year; and Elizabeth Taylor jewels and Impressionists. Last year she tried to sell a Van Gogh for £10m at Christie's. Kathleen Turner and Andy Williams are also auction house groupies.

But probably the most committed and successful buyer (and seller) has been the French actor Alain Delon. His taste is broad, from Dürer prints to Bugatti bronzes. He has even contributed a drawing to the biggest blockbuster show on the road, the Rembrandt exhibition, which opened this week in Amsterdam, and comes to London next March.

★

Lord Rothschild is to take over next April from Lord Charteris as chairman of the National Heritage Memorial Fund. This is more than just a shuffling of peers. With the Government apparently determined not to raise museum purchasing grants, or to improve the tax incentives for selling works of art to the nation, the Fund's annual grant of £12m is the main bulwark against the ravaging of the national heritage – countryside as well as art treasures.

Through his charm, contacts, and commitment Lord Charteris probably doubled the annual grant. In the last year he persuaded John Paul Getty to produce the extra cash needed to retain the Mappa Mundi and the Middleham Jewel. Earlier he had shamed the Government into coughing up the money to save such grand houses as Keddleston, Weston Park and Nostell Priory. No wonder the Fund pressurised Lord Charteris to keep going into his 79th year.

It is possible that his reign will end with another triumph and one close to his heart. Mar Lodge, the 77,000 acre estate in the Cairngorms that borders the Queen's land at Balmoral, is keenly sought by conservation groups in Scotland. The Prince of Wales seems to have persuaded its owner, the American John Kluge, to sell to such a worthy cause, but the Scottish secretary has refused any Government cash. A contribution from the Heritage Fund could seal a £10m deal. It would eat worryingly into its revenue, but would make a fitting finale for Lord Charteris, who for many years was private secretary to the Queen.

During his time as chairman Lord Charteris has converted from Watteau man into wilderness man, pushing his resources towards saving threatened countryside, which would disappear for ever, rather than retaining in the UK works of art which would still exist, albeit in the Getty Museum, Malibu, or the Thyssen Collection, Madrid.

Lord Rothschild comes from a very different background. He is rich and a collector and a works of art man. While chairman of the National Gallery he favoured a high profile and a vigorous involvement. His London base, Spencer House, is a hundred yards from the St James HQ of the Heritage Fund. He has the contacts among the rich and the famous; will he manage to inherit Lord Charteris's charm? He might be faced with a rush of difficult decisions. This week the possibility of a list of around 2,000 unexportable national treasures became a little nearer. The Reviewing Committee on the Export of Works of Art backed the idea, with reluctance. The threat of a list could encourage owners of valuable works to send them quickly to auction while there is time. Once on the list, and lost to potential overseas buyers, their value would free fall.

Antony Thorncroft

Forget the width: feel the quality

***William Packer** applauds the work of the Contemporary Art society over the last 80 years*

'Praxitella', 1921, by Wyndham Lewis: part of the CAS legacy currently exhibited at the Hayward Gallery

LIKE MANY British institutions that exist to do good and largely succeed, the name gives little away. The Contemporary Art Society could be anything from a handful of enthusiasts for anything trendily avant-garde to a local critical reading party. It exists in fact to raise money by private subscription for the purchase of exemplary works of the art of the time, predominantly British but not necessarily so, for distribution among public museums and collections in Britain, Canada, Australia, South Africa and New Zealand.

Eighty Years of Collecting, at the Hayward Gallery (until January 19, then to Ayr, Bristol and Liverpool: organised by the South Bank Centre), is a comparatively modest but impressive celebration of that cumulative achievement. The CAS was set up in 1910 after the pattern of the National Art Collections Fund, founded a few years before to help in the public acquisition of works of art of earlier periods – and there is another name at odds with itself, this time suggesting an official status and financial support far from real.

Those were days when our public galleries, in particular the National Gallery and its cadet, the Tate, relied almost entirely on gifts and bequests for the development of their collections. How we have moved on since then. *The Portrait in British Art* at the National Portrait Gallery coincidentally celebrates the work of the NACF in this field alone, and to look back at what the CAS and the NACF together have done over the years is to be made painfully aware of the void there would have been, had neither existed.

But what gives the CAS its particular virtue is that besides the evident public good it does in its role as donor, it also serves in the most useful, the most direct of ways, as active patron of the artist. In a time when sponsorship is held to be the answer to all our problems in the arts, we should not forget that the most effective and, to the artist, most gratifying sponsorship of all is the direct purchase of his work.

From the start the CAS has understood this very well, and its *modus operandi* devised instinctively to suit. Each year a couple of serving members of the committee are given a purseful of money to spend as they wish. They may work in tandem, but usually do no more than declare their individual interests to avoid duplication. They are quite free to eke their budget out, or blue the lot on a single work. The beauty of it is that they need consult no-one but themselves, ask no gallery what it would like, follow no fashion.

Above all they may buy young, or cheap, or against the grain. This sometimes means that difficult work may sit around for a while, unclaimed in the distributions made to the subscribing museums. At the heart of this exhibition lurks the sinister shouting figure, bent low beneath its umbrella, by Francis Bacon, the *Study for the Magdalene* that Colin Anderson bought for the CAS in 1946. We can all see now that it was £200 or so very well spent, but it did not quite seem so at the time. The Tate, or Birmingham, or Liverpool may now wish it had been quicker off the mark, but in 1952 the picture went to Batley Art Gallery instead, where it remains. Even there, the enthusiasm of the director was not shared by all his colleagues, and the painting has spent many years in store or conveniently on loan. It is one of the most important works ever bought for the CAS, though it may be invidious to say so. In the difficulty it has generated quite as much as in its quality, it is the very image of the CAS in all it tries to do.

Each of the eight decades of the Society's activity is represented by work acquired at the time, which makes for an admirably succinct review of the Modern British period, from Augustus John's *Smiling Woman*, bought in 1911 by Roger Fry and his committee colleagues, the first purchase ever and now in the Tate, to our latest *wunderkind*, Fiona Rae's *Untitled* (1990), lately bought by Penny Govett for allocation next year. Sickert, Bomberg, Freud, the Nicholsons, Wadsworth, Spencer, Lewis, Kossoff, Auerbach, Hambling, Ayres are all there, and all the rest. Forget the width: feel the quality.

GARDENING

A good but expensive book crop

Arthur Hellyer's choices for armchair gardeners

THIS HAS been a good year for gardening books and no one should have any difficulty in finding Christmas presents as well as personal reading. The range is excellent although, in some cases, the prices seem rather steep.

No criticism on this score applies, however, to the *Complete Book of Houseplants*, by Helena Hertz (HarperCollins, £15.99). She was the editor of a German gardening magazine and has had the invaluable assistance of William Davidson as consultant editor. This big, beautiful book is illustrated lavishly and its content looks entirely practical.

The advantage of having a Continental author is that you get an entirely new angle on some things. For instance, Hertz points out that orchids from cool regions are more difficult to keep indoors than those from warmer areas; and that all orchids grow best in climate-controlled flower windows – something that is definitely a Continental conception.

A second book certain to be acceptable widely is *Flower Gardens*, by Penelope Hobhouse (Frances Lincoln, £19.95). It, too, is large to make room for the generous pictures, which are extremely good.

The author, who is a garden designer of distinction and also manages one of England's loveliest small gardens – Tintinhull, in Somerset – for the National Trust, explains with style and clarity how to use the vast palette of flowers and plants to which modern garden-owners have access.

Shrubs, by Roy Lancaster (HarperCollins, £16.99), is certain to meet a big demand for he is a popular and authoritative broadcaster and this is the most attractive book on shrubs I have seen, in both writing and illustration.

You will not find any half-assimilated information here. Indeed, when you fetch it to check some fact, you are likely to find yourself continuing to read for much longer than you intended.

Garden Flowers from Seed (Viking, £17.99) is another book full of sound advice. The authors are Christopher Lloyd and Graham Rice, the one very well-known, the other establishing himself rapidly as an authority on many aspects of gardening. It is by far the best book available on annuals, biennials and anything else raised commonly from seed.

Some potential readers may look at *Gertrude Jekyll*, by Sally Festing (Viking, £17.99), and think: "Not another book about that woman!" Yes, it is, and I think it comes nearest to the truth about this legendary figure. It is very detailed and, for me, draws a convincing portrait of someone who, although so very well-known in some respects, did nevertheless succeed in protecting her privacy.

I wonder how many people will be able to afford *The Tropical Garden*, by William Warren (Thames & Hudson, £28), with superb photographs by Luca Invernizzi Teltonii of gardens in Thailand, Malaysia, Singapore, Indonesia and Hawaii. It is the pictures that make this book, which is essentially escapist, albeit produced superbly.

My next three books are all serious specialist works. Catherine Cash, author of *The Slipper Orchids* (Batsford, £35), is a well-known American expert on these beautiful plants and this is an exhaustive and lavish survey of the genus. It has large type and many fine colour pictures. *The Larger Rhododendrons* (Batsford, £35) is by Peter A. Cox, another well-known specialist (this time, a Scottish one). It is actually a revised and enlarged edition of a book that was published first in 1979 and re-issued last year, but I missed it then. It is comprehensive, authoritative and well-illustrated in colour and line. *Narcissus*, by Michael Jefferson-Brown (Batsford, £25), is similar in format. Although smaller in size, it deals no less exhaustively with its subject. All serious students of these important genera will want these two volumes.

Ferns in Your Garden, by John Kelly (Souvenir Press, £18.99) is intended for a much wider readership and is a substantial book that covers its subject well for the ordinary gardener. *Alpines*, by Will Ingwersen (John Murray, £50), is the last book written by that great gardener and author. It is a thick, handsome volume.

A slimmer and more specialist book is *Growing Alpines in Raised Beds and Tufa Blocks*, by Duncan Lowe (Batsford, £17.99). This is a highly-successful method of cultivation that will suit even quite difficult plants. Lowe is an expert and makes an excellent instructor.

Finally, there is *Renoir's Garden*, by Derek Fell (Frances Lincoln, £16.95). This slim but lushly colour-illustrated title describes the garden at Les Collettes, near Cagnes-sur-Mer, within sight of the Mediterranean, in which the artist spent his last years. As far as I know, this is entirely new ground for a book.

One of the many fine pictures from Catherine Cash's book *The Slipper Orchids*

Plant of the week

Euonymus Red Cascade

THIS is a fine garden variety of Euonymus europaeus, which is itself an autumn-fruiting shrub or small tree that grows wild in parts of Britain, especially where the soil is alkaline, though it can be grown in all reasonably fertile soils. It is of no outstanding beauty until the autumn when its abundant but small greenish-yellow fowers are followed by little four-parted red fruits which split open to reveal orange-yellow seeds. The crops of Red Cascade can be so heavy that the rather slender branches bend downwards beneath their weight and for a couple of months the plant is of outstanding beauty. It is popularly known as the spindle tree because the very hard wood was once used for making spindles. It quite often renews itself by self-sown seed. If no other variety of spindle tree grows nearby, these are likely to be reasonably crude types, but for complete certainty suckers or layers should be detached with roots, or cuttings should be rooted in the autumn. AH

Put some backbone in your borders

Robin Lane Fox on planting with presence

AT THIS time of year we all need backbone. So do our gardens as the leaves disappear and anything herbaceous looks a black and ragged mess. Backbone is my starting-point when designing a new plan, so I had better explain what I mean.

Plants with backbone do not have to be evergreen, but they do have to have presence: a bold shape, stature or that quality which stiffens up a flurry of soft stems. Landscapers talk about structure, but I think of backbone because it catches more aptly the place where we need it: down the vertebrae of borders, at intervals in flower beds or wherever a ground-plan would otherwise look flat and spineless.

Backbone is not a grand obsession which begins in borders 100 yards long and only matters when the garden is bigger than two acres. It is a way of looking at planting which applies anywhere. It is the element which you space out down a flower bed, some green-leaved box, perhaps, in one of those low beds for agapanthus, or some low evergreen neapolitan daphnes in a simple bed for wallflowers and annuals. It makes a counterpoint to loose romantic spreaders such as rosemary and it helps the eye to cope with masses of temporary flowers.

Gardens, of course, should tumble, cascade and let their flowers run almost out of control: we carry these images in our mind's eye, but backbone is their necessary complement. It is the frame for the picture, setting off what would otherwise be a coloured muddle.

In smaller beds, a few silver-leaved plants would achieve it: two bushes, perhaps, of the scented Curry Plant, or Helichrysum angustifolium, flanking a central mound of silver-grey convolvulus cneorum in a mild winter.

If you prefer greens to greys, I recommend plain green Germander or the various Parahebes as edging plants, especially the Parahebes with white flowers: they grow like weeds from cuttings and string their flowers like pearls among stems about six inches high. They are evergreen in a quiet way, like green box, the supreme backbone, or the newish Hebe Boughton Dome which makes a green mound for emphasis, earning its name. By grouping a few of these plants at intervals in any bed, you hold the surrounding planting together and give the general effect a firm shape.

Higher up, the fun begins. Gardens should never be one-sided, as if you need a shrubbery for the shrubs, a herbaceous border simply for herbaceous plants. These old segregations were developed to help gardeners maintain them: either you pruned the shrubs or you cut the border down. There is nothing raffish about mixed borders which break down boundaries. The placing of bold shrubs among border plants is part of the art, as I realise only too well this winter, having left a border's backbone in the wrong hands.

Do not repeat my mistake and think that rapid, leafy shrubs like tree mallows have the shape to give you backbone quickly. They are too coarse and loose. Instead, you need something solid in the middle to back rows, an evergreen osmanthus which can be clipped hard after flowering, a deep purple-leaved smoke bush (Rhus cotinus) or one of the vertebral roses, especially the purple-grey-leaved variety which is now known as Rosa Glauca.

Professional gardeners dislike roses in borders because the thorns interfere with their routine. The rest of us are rather glad for an excuse not to go too near too often, and so I swear by individual bushes of Rosa Glauca, set at intervals to break up a border's flatness.

If you can live with the thorns, you should also think of the pale yellow Rose Fruhlingsgold, an upright bush with lovely flowers which appear at that difficult time between the last tulips and the first irises. My present plans include some widely spaced bushes of Fruhlingsgold, up each of which a viticella clematis will run to extend the season of flower. Plans also include the sweetly scented Clerodendron trichotomum, a wonderful shrub with backbone for August which grows gradually into a tree-like shape, about 10 ft high, the sweet white and purple-red flowers of which are a delight late in summer.

It is most familiar in the West Country, but if you order the fargesii form you will find it hardier in south-facing beds than many gardeners have so far realised. A really severe frost would probably cut it to the base but it will recover and grow away, even on a lime soil. Two clerodendrons would bring anyone's eye to a pleasant halt if placed as sentinels near either end of a longish border.

Alternatively, you could try the grey-green Berberis dictyophylla, a prickly but lovely variety in a family which is often dismissed because of some common members. It arches into an eye-catching shape about 6 ft high and breaks up too long a run of leafy herbaceous flowers.

In milder gardens, the upright evergreen Mahonia lomariifolia is a possibility, especially as cuttings root quite easily off the terminal ruffs of leaves, taken as a big piece in springtime. Among smaller-leaved evergreens, Escallonia edinensis has the same emphatic presence because it reflects sunlight back off its leaves.

It is no use looking for backbone from a lavender bush out of season or a ribes after flowering. You need to adapt your vision and think hard about the few firm presences which you would like to establish down a flower bed, leaving you to plant in the intervening bays between each shrub.

It is all a matter of formal informality. So often, I revert to that paradox as the best way of expressing a style of planting for all but the wildest gardens among woods or sloping hillsides. Backbone gives you the firm setting within which you can let your romantic instinct run wild.

PROPERTY

Games' golden nest egg for speculators

David Hoppit reports on how home-owners can profit from the Olympics ballyhoo

FOR TWO brief periods next year, up to 3bn pairs of eyes around the world will be focused on Europe, first at the French Alps and then at the area around Barcelona, in Spain, the sites of the 1992 Olympic Games.

There will be 10,000 sportsmen and women in Barcelona in the summer, guarded, coached, interviewed and *directed by a further 20,000 or* more officials and journalists. The number of spectators will probably approach 10m.

Property in and around the Olympic centres will be at a premium before, during and *for some* time after the Games. Letting potential will be tremendous – so much so that many developers are offering guaranteed rental returns to buyers.

While recession-hit houses and flats on the south coast of Spain are being sold for half the purchase price of two years ago; property prices in and around Barcelona remain constant. A survey by ITP, a Costa Brava developer, showed that in spite of the slow-down, prices during the past 10 years had risen by 179 per cent.

One of the company's most attractive developments, almost within jogging distance *of the Olympic rowing course*, is Golf Royal, by the sea and a golf course and close to the 18th century hill town of Pals.

Many will think that this area is one to avoid when the Games are in full swing in July *next year – but owners of* property willing to rent it out will be laughing all the way to the forum, thanks to a guaranteed rental deal.

Flats at Golf Royal cost between £65,000 and £125,000, the top price securing a penthouse with a plunge pool on the roof. All owners have use of the gardens and communal swimming pool. Details are available from ITP, Passeig del Mar 6, L'Escala, Costa Brava, Spain, tel. 0103472-771 250.

Agent IPI, based in Brighton (0273-774 098), says buyers of most flats will be offered a guaranteed return of 9 per cent on their investment each year for three years. This will be on just six months' letting, leaving owners six months for their own use.

Further south at Calpe, on the Costa Blanca, a development of retirement flats is also *bucking* the downward trend in prices. Since the beginning of the year 20 of the 55 flats at the Colina Club have been sold. In addition to the flats there is a 20-bed rest home with a nurse on call 24 hours a day, a swimming pool, bowling green and restaurant.

Flats can be bought on either on a 20-year lease (for *£35,000 to £48,000) or on a 90-*year lease, for between £45,000 and £62,000. The minimum age for residents is 55, but so far most buyers have been in their late 60s. Details on 071-439 2000.

In the Alps the scope for investment would seem to be even greater. Hotels in the vicinity of the Winter Olympics, which run from February 6 to *23 next year*, are fully booked.

McCarthy and Stone, better known for retirement developments in England but now active in French leisure property, has been selling vigorously close to the famous Trois Vallees skiing area. Its development at Val Thorens, near Albertville, gives no guaran*teed rental because*, the company says, "if you offer it for rent there will be an avalanche of applicants for it."

These properties, close to the men's slalom course, cost between £32,500 and £130,000. *In an average year a two bed-*room flat would command a rent in excess of £300 a week – during the Olympics it is anyone's guess what one could demand. Details from Antibes (tel. 0103393-952 683) or in the UK (0202-292 480).

In Meribel and La Tania, hosts to the ice hockey and women's downhill racing, the French company Helvim is building blocks of flats that range in price from £59,000 for a studio to £270,000 for a massive five-bedroom apartment. Again, demand for letting is so great that a guaranteed rental return would be superfluous, says the agent. Helvim's sales office in Meribel has details: 0103379-005 050.

However, there is a guaranteed return at Residence le Valset, Val Thorens, Europe's highest ski resort at 8,000 ft (2,300m) This was built by Paris-based Dumez Immobilier, one of France's largest leisure developers. Because the local authority gave the land, prices of flats are competitive. The deal was that half of them had to be reserved for locals and half for the open market.

Prices are between £33,000 and £110,000. Owners are guaranteed an annual return of 8 per cent on their money and retain use of their property for the summer months, a week prior to Christmas, two weeks in January and a week in April (excluding Easter). Details *from Dumez office at La* Plagne; phone: 0103479-090 282.

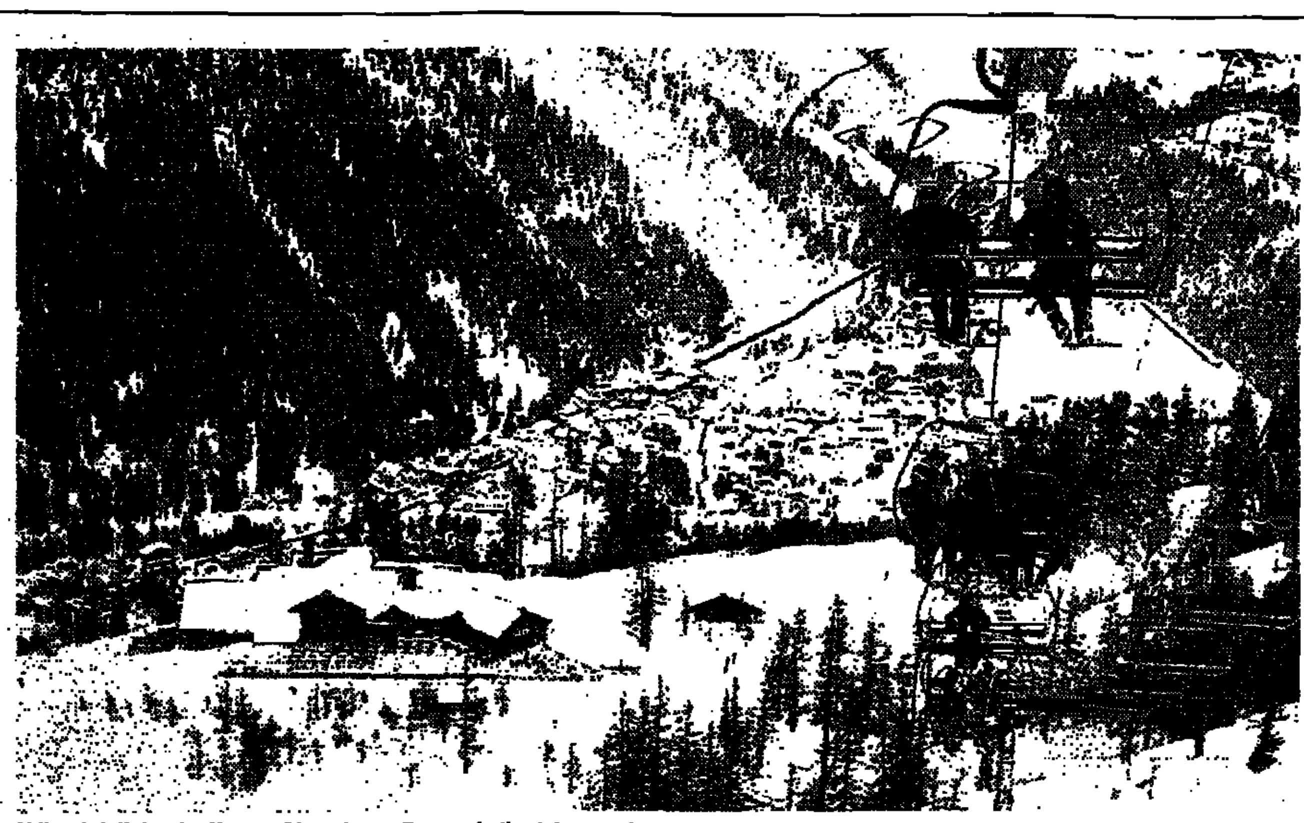
Will property values crash once the Olympic flame has died?

"Not so," says Helvim. "The huge investment in infrastructure, the roads, stadia and other facilities means that the area will remain the prime winter sports area for years."

Places such as Val Thorens were chosen for the Games because the snow is good; with most of the permitted building completed, there is little chance of the values dropping.

And Spain? "When the Canadians came to L'Escala for a Nato exercise five years ago, many liked it so much they bought homes there. We believe the same will happen after the Olympics – many spectators and competitors will want to return," says Howard Taylor, of IPI.

■ *UK agents selling the Helvim flats include Domus Abroad 071-409 0571; Osbornes, 071-485 8811; and Longcroft, 0453-521 054.*



Skiers' delight: the Winter Olympics in France is the icing on the cake

Far East investors eye UK bargains

*Hong Kong-based Chinese are picking up 'distress' sales, reports **David Hoppit***

HOME-owners in London and the Home Counties, frustrated by the moribund property market in the UK, are looking east – Far East – for potential buyers. Dozens of wealthy Hong Kong-based Chinese have bought homes in recent weeks, many cashing in on "distress" sales caused by repossessions. In most cases, the buyers are looking for rental return in the short term and capital appreciation in the medium to long term.

"Demand is far outstripping supply," says Richard Osborne-Young, of Hamptons, who has just spent 18 months in the Hong Kong office. "Unlike British buyers, who want vacant possession, people in Hong Kong are happy to take on a furnished property with an existing tenant. Most are looking to spend between £150,000 and £500,000."

John Parker, of Brian Lack, the only independent British estate agent left in the colony, says his company has sold 24 properties to Hong Kong buyers in only two months. "The abundance of repossessions available for sale attracts both Hong Kong and Malaysian Chinese. Bull markets and profit-taking from investments there have enabled them to fund property purchases in London," he said.

The firm's Hong Kong office had no fewer than 231 inquiries during October alone. Most are seeking – and getting – an annual return on their investment of between 8 and 10 per cent.

Bargains outside London are also attracting interest from Hong Kong. Howard Taylor, of Brighton-based IPI, travels regularly to the colony with a portfolio of property available in London and the Home Counties. In recent weeks, he has found buyers for several Buxton Homes' flats and houses in Croydon and Beckenham, and also sold a Sloane Square flat and two flats in Brighton, all of which had been on the market for more than a year. Taylor charges £250 to add a property to his list. This is refunded if a buyer is found and a straight 1¼ per cent commission is charged instead.

The miserable domestic market is also attracting British expatriates who want to return. A lot of them are looking outside London. "Many returning couples have at least £250,000 to spend and they often want homes in Devon or Cornwall," says Jonathan Haward, of County Homesearch, a company that seeks out homes in the West Country for its clients.

Not only expats and the Chinese are cashing-in on the property bonanza. Many first-time buyers in Britain are snapping-up bargains at General Accident's regular auction sales of repossessed properties. "Most of the homes in the sales have guide prices of between £25,000 and £50,000, but some are below £10,000," says auctioneer Colin Wilton-Smith.

At the other end of the scale Kingsmoor, a house beside Sunningdale Golf Course, was repossessed recently and Knight Frank and Rutley has now sold the 92-year lease at "an attractive price" close to the guide of £775,000.

Back in London, it was a joint venture by two Singapore companies that revived Charles II Place, a secure and attractive mews of 51 houses hiding behind the shops of King's Road in Chelsea. The development came to a halt when the hitherto successful company, Harry Neal, slipped into receivership last year. Validhill, the joint venture company, is thought to have paid nearly £15m for the 40 remaining unsold houses. Savill's with Allsop is selling them at prices between £360,000 and £575,000.

Malta homes blow

NEW regulations *affecting* the purchase of Maltese properties by foreigners may be causing problems for people seeking homes in the islands.

Imposed in August 1990, the regulations have nearly doubled the minimum price at which non-Maltese may buy a property. This is now £27,000. A further 10 per cent has been added to the stamp duty payable by non-Maltese purchasers; that is now 33 per cent.

According to a report commissioned for the Maltese Association of Estate Agents, the number of foreign purchasers of property has "fallen dramatically" since the regulations were introduced. The number of foreign applications to buy property, granted by the Maltese finance ministry, was about 250 for the quarter ending in June 1990. For the quarter ending September 1990, the figure was 150.

Fewer foreign buyers may be an indication that the new measures are proving too restrictive. The report seems to run counter to a view that foreigners are buying Maltese *homes which could have gone* to local people, and that they are contributing to higher property prices.

Details are published in Frank Salt Property News, a regular publication by one of Malta's principal estate agencies which sends hundreds of copies abroad. It says that if the figures given had been available last year, "we are sure the regulations would not have been imposed."

Survey figures indicate that 60 per cent of foreigners have bought flats – the only type of property where supply exceeds demand. Flats show the least increase in value over the years 1970-1990: on average, 10 per cent.

More than 50 per cent of foreigners have bought in holiday districts where there is no shortage of properties. Areas where foreigners buy most actively show the lowest price increase; the area in which foreigners buy less actively shows the highest.

Audrey Powell

PERSPECTIVES

The joys of Pratt Town

Gerald Cadogan celebrates the rich history of his neighbourhood

CAMDEN TOWN, a cosmopolitan district just north of London's West End, is celebrating its bicentenary.

In 1791 Horace Walpole wrote that Charles Pratt, Lord Camden had let ground at Kentish Town (east of Camden High Street) for building 1,400 houses. From those beginnings has grown an eccentric part of London populated by writers, painters, architects, piano makers, the Irish, Cypriots, and *many of the city's* homeless. How lucky we residents are that it is not Pratt Town.

Camden has many delights. We are near Regents Park and can walk the dogs on Primrose Hill, but we are not of Regents Park *or St John's* Wood, both far too snooty. From Camden public transport gets everywhere in London, and the air is better in north London.

But best of all in Camden Town is the social mix, which *is a constant surprise* as rich and poor, professional and homeless, rub shoulders. In smart Albert Street some of the terraced houses have council tenants, and the rag-and-bone man still rings his bell for junk. You hear Greek in the street – in the north London Cypriot accent – and it is easy to buy Irish provincial newspapers.

When Lord Camden began to sell part of his Kentish Town *Manor estate, it was* full of fields where cows could graze. There was a dairy, with the cows kept at the back, on the Midland bank site by Camden Town station from at least 1822. It was known as the cows' cathedral from its pinnacles.

There were a few houses on the road out from Tottenhall Manor (Tottenham Court Road). The one landmark was the ancient Mother Redcap pub – now the World's End, near the station, and on sale at £4.85m from receivers. Behind its name lurked the infamous witch-like Mother Damnable, known already in 1676 as the remarkable Shrew of Kentish Town.

An early arrival was the Royal Veterinary College, now in a 1937 building in Royal College Street. The Regents Canal was dug in 1812-20 to link the Grand Junction Canal to the Thames. The canal runs through Camden Lock and passes behind Nicholas Grimshaw's high-tech Sainsbury's (1988), where Russians are taken to see people's capitalism in action. The canal's branch through Park Village was later filled in with the debris from digging the Cockfosters extension of the Piccadilly line.

Then came the London and Birmingham Railway, which stopped in Camden Town. The Southampton and Bedford estates did let it go on to Euston until 1837 when the great cutting by Park Village East was built, slicing into the pattern of streets growing rapidly west of Camden High Street.

The Southampton family names survive in Mornington and Fitzroy street names; Camden family names also include Bayham, of Bayham Street where Dickens lived as a boy in 1822-23. To judge from *David Copperfield*, Camden Town was not his favourite place.

The trains had a steep decline to Euston. Engines had to be detached at Camden Town for the carriages to freewheel into the terminus. They were hauled up again to rejoin the engine. Eventually Camden became the goods yard. The Metropolitan Police car pound now has the site. The tracks are there, and the canal, and the grand brick Interchange Building where loads were swapped between rail and water. Across the yard is the 1847 Round House (for turning engines) of Roman proportions.

Near the entrance to the yard are the Pirate Castle, a surprising *jeu d'esprit* by Seifert and Partners (1977) for a youth club, the polygonal, almost round Victorian piano factory of Collard and Collard and the 1930s white warehouse for Gilbey's gin.

Drink is an essential to Camden Town, which has many pubs and had more. The Camden Brewery used to make Elephant Pale Ale: the elephants are still visible on the end of their bottling stores (1900) on the corner of Hawley Crescent and Kentish Town Road. Terry Farrell's 1982 TV-am building with huge model eggs in egg-cups on the parapet stands on the site of the brewery.

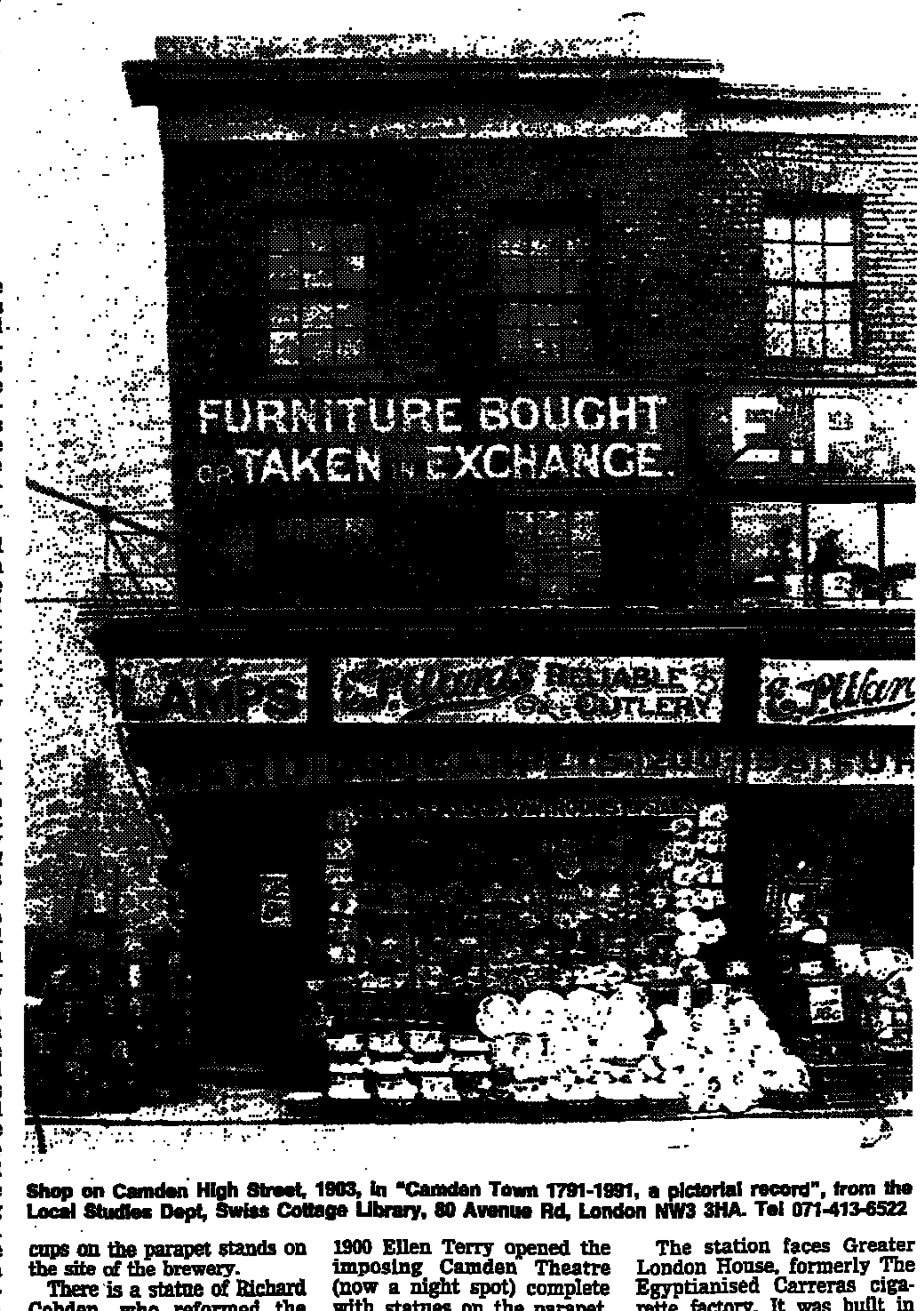
There is a statue of Richard Cobden, who reformed the Corn Laws, on a traffic island at the Mornington Crescent end of the High Street. Napoleon III was the principal subscriber, grateful *because Cobden* championed free trade with France.

By 1850 Camden Town had settled into its present pattern.The new Bedford music hall (now supplanted by the Abbey National) opened in 1899 – the old Bedford (1888-98) had been a favourite haunt of Walter Sickert, leader of the Camden Town group of painters. In 1900 Ellen Terry opened the imposing Camden Theatre (now a night spot) complete with statues on the parapet, and from 1905 Lord Rowton's Arlington House – Europe's largest hostel – provided cubicles for 1,150 men.

Other landmarks include the two Northern Line stations. Mornington Crescent (painted by Spencer Gore) is the gem. Peer into its lifts – not working for lack of spare parts – to see a triumph of all-in-one efficiency. One man sat in a booth in the lift to work it, sell tickets, collect them and release the door that opened straight on to the street.

The station faces Greater London House, formerly The Egyptianised Carreras cigarette factory. It was built in 1928 after the discovery of Tutankhamun with painted payrus columns and two 10 ft high black cats guarding the *entrance, now* all gone.

Piano making used to be a speciality of Camden Town. It was an offshoot the Tottenham Court Road cabinet making businesses such as Heal's, and flourished because space was cheap. Pianos may not be made any more but there is still music. A year ago Barclays Bank in Parkway became the Jazz Café.



Shop on Camden High Street, 1903, in "Camden Town 1791-1991, a pictorial record", from the Local Studies Dept, Swiss Cottage Library, 80 Avenue Rd, London NW3 3HA. Tel 071-413-6522

Memories of the City fragrant with spices

***William Winn** remembers his youth in the glorious bustle of London's commercial heart 75 years ago*

A SHIP sailing downstream. A tug *trailing a line of* barges. Grim, weather-beaten warehouses yawning their black cadaverous welcome to the loads stuffed inside their jaws; the Tower of London in the background. On *London Bridge*, the crowd jostling along to the jingling of harness and the croaking of motor horns from omnibus and chugging taxi.

My regular route from bridge to office took me past the Monument, up Fish Street Hill, and thence along Eastcheap to St Dunstan's Hill. But when time permitted I would skip down the slimy stone stairway at the end of the bridge – close to where one of the first Zeppelin bombs fell – to teeming, smelly Billingsgate market: a tangle of swearing, side-stepping fish porters balancing boxes of marvellous-looking fish on their broad-brimmed flat leather hats. The boxes were loaded on to waiting wagons pulled by great Shire horses; their bulky-clad drivers, shoulders glistening with fish scales, perched high on small metal seats.

Unforgettable, the skilful street cleaners of London in those days: old and young men weaving among the traffic with pans and brushes to capture the steaming manure almost from under the horses' feet.

The office where I worked occupied the second floor of a narrow corner building facing a Wren church, St-Dunstan's-in-the-East.

"East India Merchants," inscribed in large black lettering on frosted glass panels in the main door, spoke of hot suns, warm oceans, minarets and jungles. The sign glamorised the flow of merchandise we traded in: egg yolk and dried albumen imported from China, rare fruits in beautifully decorated pots and jars, fine teas, ivory, mica. Exports included shirtings, trouserings, gay cottons and threads; *nails; consignments of corrugated* iron; lead foil for lining tea chests; bicycles galore.

My first duties were to light the fires (in winter), top up the inkwells and check pen nibs, fill the heavy iron kettle, and *dust around the desks. I would* dampen the calico cloth for the letter-copying press – a messy job; everything in triplicate.

Then I would sort the previous afternoon's late accumulation of letters and documents for my first delivery of the day. Typically, this took me up Mincing Lane (smelling of rubber, tea, cocoa, coffee) or parallel Mark Lane (fragrant with spices). Then up Fenchurch Street to Mansion House, Cheapside, St Paul's, on to Bishopsgate and the humbler halls of banking and commerce.

Returning, I would pass through Leadenhall Market, strident with its butchers *chopping at bloody carcasses* of beef, mutton and pork just arrived from Smithfield; its fishmongers and poulterers, greengrocers, fruit- and flower-sellers.

'The end came with bells pealing, sirens calling from the river, shouting men and weeping women'

But when my errand took *me that way, it was the Tower* that entranced my imagination: Traitor's Gate, the broad unscaleable moat, the Crown Jewels, the Bloody Tower, with images of young princes, Anne Boleyn, flashing blades on Tower Green.

Office life was hectic; a last-minute bill of lading or insurance policy to collect, or a cable to code up and despatch. When work was finished, my thoughts would stray down river to Tilbury, where the great mailship which had claimed our day would be catching the ebb tide.

Every Thursday was "Mail Day." This notice, hanging *outside the office door, lent* importance and inviolability to a weekly event: "No callers, No interruptions" was its message. For me it held the magic of "tea money" – sixpence for the invariable two hours over*time up to eight o'clock, when* the last registered letters and parcels of samples and late fees were handed over at Eastcheap post office just before it closed its doors. (A cup of tea, bath bun and pat of butter cost fourpence at *Lyons* or the ABC, leaving twopence to supplement tomorrow's lunch. Well worth earning; and I worked hard for it.)

The only bomb I can recall from those long-ago days was the one that fell in Lower Thames Street at Billingsgate, stripping the face off a warehouse and blowing off a man's arm.

Zeppelins seldom came over in daytime, preferring clear, calm nights. Their bombs were small, their aim chancy, and the time came when the sound of heavy gunfire was no longer heard from our south coast ports.

The end came with bells pealing, sirens calling from the river, shouting men and weeping women – and on my usual morning round I got caught up in it all in Leadenhall Market. Butchers crashed a tattoo with every chopper *and knife they could lay hands* on; fruit and flowers were showered everywhere; the cold rain glistened on faces laughing, kissing, crying.

I finally broke free and raced back to the office *through dense crowds. The* place was empty: not a soul was there to hear the hubbub beating against the windows from London's streets. I suddenly felt lonely and very young; too shy to rush back into that noisy, rejoicing multitude.

From ABC to Chop House, from sausage-and-mash and cups of tea to juicy grills and pints of porter, from shyness to confidence, I began slowly to win a grudging acceptance among men steeped in the subtleties of markets: custom, practice, contract; courage, success, failure.

To me, they were all the *honourable upholders of the* City I was so proud of; a City in which – in those now far gone days – the world believed.

How Canada's West was won

Nicholas Woodsworth finds he has come full circle doing an old-fashioned job in an old-fashioned town

TWENTY years ago, like many young Canadians in those heady times, I hitch-hiked 3,000 miles west from urban Ontario to the Pacific coast. The Vietnam war was on, the whole world in a state of change, and Canada, in its own way, was undergoing a social revolution. Some of it was expressed in the political activity of a fast-awakening Quebec, but for many young people there was the lure of going west.

The myth of the West is a strong one in Canada. A century ago it was a place to start anew, to escape old constraints and find a better, if often simpler, way of living. It still is. For farmers on the frozen prairie in Manitoba, bureaucrats in the dull suburbs of Ottawa or merchants in Montreal, the territory beyond the Rocky Mountains has always exercised a curious hold.

The gentler climate and natural, outdoor rhythms of the Pacific north-west seem to thaw Canadians out. They discover new possibilities. Even Vancouver city bankers and taxi-drivers see things philosophically from where they live, on the rim of a misty rain-forest. The West is a land of opportunity, the country spectacular and uncrowded. A frontier spirit keeps neighbours generous and strangers friendly. This is a place where – a miracle – flowers bloom in February.

Such, at least, is the vision that for generations has drawn Canadians westward. For anyone growing up in the era of Abbie Hoffman, Buckminster Fuller, Neil Young and health-food cooking, the idea of thumbing out to Vancouver some early summer morning came easily.

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I DID NOT settle down in the hip Vancouver district of Kitsilano, where everyone on the sidewalk said "Hi" to everyone else, studied Tai-chi and grew marijuana plants in their backyard. Neither did I join the stream of young urbanites who fanned out along the coasts and into the interior, building farms, log cabins and the rural communes of the much-hoped-for New Age. I did not go tree-planting, logging, cattle-ranching, off-shore fishing or gold-prospecting. I went railroading.

Among the engineers and railway-men of lines as far away as the Santa Fe and the Illinois Central, the British Columbia Railway is known as the goat-track of North American railways. The BCR makes its way north from Vancouver, squeezed between steep mountains and the sea; at the end of Howe Sound, where tug-boats nudge vast barges of logs into the timber plants, it dives into the steep ravines of the Coast Range.

From there, it punches its way through mountain-sides, climbs over roaring creeks and ploughs up past the foot of alpine ski slopes. It shoots by herds of horses on Indian land and skirts the edge of narrow mountain-ringed lakes with only inches to spare. At the town of Lillooet, it begins to snake up the side of a steep canyon on the Fraser river, climbing to the small cowboy town of Clinton on the edge of the Caribou plateau. It was in between these two towns, hanging like a fly over the turbulent brown water of the Fraser, that I took up a budding career as a railway patrolman.

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RECENTLY, I returned to British Columbia and found myself, without entirely knowing why, on the train heading north from Vancouver to Lillooet. Lillooet is not the prettiest town in British Columbia, or the most exciting. It offers few tourist facilities, sporting or cultural activities, or economic opportunities. But for me it is what the Canadian West is all about.

Small towns in the interior of British Columbia breed people who, on the whole, say what they think and do what they like. Lillooeters are a rugged, individualistic lot who have grown up with enough space to make social conformity irrelevant. They log, work on the railway, do shift-work at the timber mill, grow hay, fish the river in season, spend lives in jobs they know will never make them rich. Some cannot find a job at all. But people stay because they enjoy the tenor of life. Some have even come for it.

Greg Mahaits did. Years ago, Greg lived the life of a Vancouver biker; his family was the motor-cycle club he rode with, and few things mattered more than his Harley Davidson. Today, in sunglasses, greying beard, plaited ponytail and tattoos, he still looks like a motorcycle heavy. He still has a 1955 Harley, but it spends most of its time in the garage. When Greg drives around town now, it is with three children in the back of a station wagon. Husband and family man, owner of two dogs and a mortgage, Greg has come to ground, but in a place where he feels comfortable.

Life still has its thrills. Up on the tracks in the canyon, Greg is looking for anything that might stop a mile-long freight train – rock-slides, mud-slides, herds of straying horses or cattle, an unclosed siding switch, a maintainance crew coming the other way. He looks very carefully because the freight train in question is just seven minutes behind him; any mistakes and a railway patrolman is the meat in a very solid sandwich.

I asked Greg to take me up the tracks where once I had done the same job. From the speeder sheds at the lower end of town where timber mill, railway station and shunting yards sit on a small plateau overlooking the river, we radioed a train dispatcher in distant Vancouver for a position on that afternoon's southbound freight, and then headed north up the Fraser.

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THE FRASER river has played a central rôle in opening up the the interior of British Columbia. From the railway track 1,000 ft above the canyon floor it is difficult to believe that its tortuous, twisting course, set in jagged rock and tumbled scree, served as a highway for generations of British Columbians.

This is not the kind of countryside most people would associate with British Columbia. It is a harsher place: here, there are no green, rain-washed slopes and lush vegetation. This is the eastern, lee side of the Coast Range, an area cut off from the heavy clouds that sweep in from the Pacific. It is arid, semi-desert mountain country, covered with sagebrush in spring but often a furnace in summer.

The rock-bound Fraser river is, like the land, not terribly hospitable to the people who live around it. But, 130 years ago, such was the fever to get into this part of the country that people risked their lives on it willingly.

In the mid-1850s, news that Indians had found gold on the rivers of the untamed interior of British Columbia began filtering down to white outposts on the Pacific coast. On Vancouver Island, it caused something of a stir among the 400 inhabitants of Victoria, the largest colonial settlement for 1,000 miles around.

But when, in 1858, the Hudson's Bay Company shipped 800 ounces of gold from Victoria south to San Francisco for minting, the story reached the bars, brothels and mining camps of California. Within three months, 30,000 frenzied men – prospectors, adventurers, remittance men, drunks, confidence tricksters and desperadoes – were making their way by canoe and paddle-wheeler up the perilous path of the lower Fraser.

For some years, they and the stream of men who followed swarmed over the interior of the British territory, honey-combing the riverbanks and hillsides and whooping it up in the towns that sprang to life. Finally, the gold-seekers moved on, drawn by tales of new finds in the Alaskan Klondike. But a stamp had been set on the country and those who remained there. It is particularly strong in Lillooet and on the section of railway track I was patrolling with Greg Mahaits.

The river here was the scene of some of the interior's biggest gold strikes; and when finds were made further north in British territory, Lillooet became "Mile 0," the origin and provisioning-point of the overland trail to the Caribou gold-fields. From the main street in Lillooet, the only one in the interior wide enough to turn a span of oxen, men made their way up the canyon on a narrow trail that later became the BCR road-bed.

It is a route that has seen many eccentric characters and strange processions. In the 1860s, some enterprising overlanders imported transport teams of Bactrian camels – just the animals, they believed, to cope with the rugged conditions. Eventually abandoned as impractical and ill-tempered, the animals were left to shift for themselves.

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IN THE Mugs and Jugs Bar back in town, I cooled down over a cold beer and chatted with Crystal Rochard, a reporter on the weekly Bridge River-Lillooet News. Crystal's father, born in Switzerland, went to British Columbia in the 1940s. He began cattle-ranching in the hills around Lillooet and has been there since.

There is not much money left in family-run cattle ranches these days; real profits are only found on massive operations like the nearby Gang Ranch, one of the largest in North America. Nor is logging a growth industry. If anything is expanding around Lillooet these days, it is an industry that is as exotic and curious as Bactrian camels – and it stands more chance of survival. The medicinal root ginseng, grown along the banks of the Fraser, is proving to have a ready market in the Far East.

Sitting in the Mugs and Jugs with a cowboy-crooning jukebox in the background, men in stetsons and greasy baseball caps were talking pick-up trucks, women and quarter-horses as if the old West had never died. But the town is also a focal point of a new West, one that 20 years ago did not exist. Not only did Crystal tell me of the resurgence of British Columbia's native Indian culture, she drove me five minutes out of town to the reservation.

When I had last been in town, Lillooet's native Indians were a sorry lot. In town, they drifted from one short-term job to another, languishing in the interim on street corners or drinking themselves senseless. The reservation was a sloppy, fly-blown stretch of tumbled houses. Most Lillooet Indians had lost the idea that the future held anything. But all that has changed. What I found was a tidy, well-ordered community where the entire band was meeting in a large new hall to discuss native rights.

Outside the hall, three shiny police cruisers were parked; they were not Royal Canadian Mounted Police vehicles sent to keep the peace but cars purchased by the newly-inaugurated, armed and wholly unauthorised tribal police force. In spite of the protests of the provincial government, Lillooet Indians, nurtured by nationalism and pride, have determined to police and lead themselves.

Inside the hall, Indian families and leaders in headbands and braids were commemorating an event that took place 80 years ago: the signing by local chiefs of a document refusing to acknowledge the surrender of Indian lands to the whites. The speeches I stayed to hear that evening were not incitements to violence and vengeance, but calls for change.

Already, Indian road blockades, stand-offs with the police and other militant actions have made for hotter-than-normal summers. History is catching up with Canada. In the coming years, redressing the past and resolving Indian claims to land and natural resources will become as big a challenge as that posed by Quebec separatism.

It seemed I had described a circle. I had come to the Canadian West 20 years ago when the whole world was in flux, and ended up doing an old-fashioned job in an old-fashioned town. I liked it. Now, Lillooet is undergoing changes of its own, the old life disappearing, new possibilities emerging. I still like it. It is what going west is all about.

■ In Vancouver, Nicholas Woodsworth was the guest of the Hotel Vancouver, 900 West Georgia Street, tel: 604-684-3131, fax: 604-662-1929.

هكذا من الأصل

In the mountains above Argentière there is some of the most challenging and scenic skiing in the Alps

In a glacier's icy clutches

***Arnold Wilson** dices with danger on the French-Italian border*

DANGER can be beautiful. Romping with tigers. Swimming with killer whales. Or skiing the icy clutches of a glacier. The village of Argentière, and its famous neighbour, Chamonix, are at the foot of some of Europe's most awe-inspiring glaciers. Three of them – the huge Mer de Glace, the Glacier d'Argentière and the Glacier de Tour – sprawl menacingly above the village.

The Vallée Blanche, a classic 18-kilometre descent to the Mer de Glace from Chamonix's fearsome-looking Aiguille du Midi, is one of the most famous runs in the Alps. There are even more exciting off-piste variants. But while many tourists try this route, few know about the skiing on the edge of the Glacier d'Argentière, off the Point de Vue piste.

Argentière has some of the most challenging and scenic skiing in the Alps, much of it ungroomed and glacial. Actually skiing into the glacier can be attempted only in certain locations and in the right conditions with a guide specialising in the high mountains. But if you are lucky enough to experience it, you are never likely to forget it. The problem is that in the interests of self-preservation – avoiding crevasses – you may find yourself so anxious about skiing in your guide's tracks that you are almost oblivious to the extraordinary terrain through which you are skiing.

The best solution is to slow down and take in as much as you can of the surreal snowscape. There are no prizes for fast skiing here. Great seracs tower above you and on either side of you as you drift between the trunks of this enchanted forest of ice. Here and there, you might find yourself skiing over a frozen waterfall.

All too soon you must steer away from the frozen sea (knowing when and where to part company with the glacier is another important reason why you must have a guide). The glacier must go its way while you go yours – back to Argentière. For a while you can watch the glacier's progress from above until you have swung right away from it towards Argentière's middle-station.

From Chamonix/Argentière, it is fairly easy to get to the picturesque Aosta region of Italy where you can go heli-skiing (it is banned in France). Drive through the Mont Blanc tunnel to Courmayeur, continue another 20 km or so towards Leverogne, and take the road to Valgrisenche. This unspoilt, 17-mile-long valley connects the Aosta Valley with a magnificent mountain chain which includes the Grand Combin, Matterhorn, Monte Rosa and Grand Paradis.

The valley has ideal terrain for those trying heli-skiing for the first time – challenging, with some impressive scenery, but nothing too heroic. The helicopter takes you as high as 11,400 ft, from where you can ski – with a fully-qualified guide – an exhilarating vertical drop of more than 5,500 ft. On a good day, you should manage three long runs. There are some 20 mountain-top locations where the helicopter can touch down.

At the bottom of one run, we skied through what seemed like a time-warp. Emerging through the wooded lower slopes, we came across an abandoned hamlet. During the summer, the occasional walker must chance upon the tumble-down village. But in winter the only visitors are heli-skiers. The old church, which looked to have been freshly evacuated, had all the trappings of habitation except people. Dried flowers, murals and icons lined the walls. You could almost smell a lingering hint of incense. It was quite startling to discover later that hardly anyone had set foot inside since the locals fled during the Second World War.

■ **My visit to Chamonix/Argentière was arranged by Collineige, Lifestyle Buildings, 30-32 High Street, Frimley, Surrey, GU16 5JD, Tel:0276-24262.**

It will also arrange heli-skiing excursions to Valgrisenche. It has six chalets in the area. I stayed at the Chalet Les Rambles, in the woods behind Argentière. Prices at this chalet in the low season are £349 for a week's half board and the flight and £449 or £449 for a week during high season. You can ski for a long weekend for £289 (low season) £339 or £399 (high season).

Bats and badgers in the wild hills

Michael Woods traps moths on a long weekend in Wales

THE FOX CUBS stared at us in amazement as we appeared on the other side of the fence, and then scooted out of sight into their earth. One raced underground to emerge at another entrance, boldly barked once and then, overcome with the horror of what it had done, shot into hiding.

Hardly had it disappeared when a pair of badger cubs romped out of another hole further down the sloping field and careered around, chasing one another and galloping about at full speed with that bouncy bow-backed gait peculiar to these young animals.

A pair of adult badgers, much more sedate, mooched about, and scratched and groomed without much conviction; then one wandered across the field to forage. This new playmate was too much for the cubs, who set upon their elder with gusto, charging at her and cannoning into the bulky badger body with some force.

Gradually, the light faded, a tawny owl hoo-hooed from a nearby tree and we slipped away to the pub.

Our evening had proved the highlight of a weekend of Welsh highlights which started with the meal on Friday night. I have long been a fan of farmhouse accommodation, believing it to be one of the best deals around. Farmers' wives, used to satisfying large appetites with splendidly-cooked fresh produce, have put their skills to good use in the current drive for agricultural diversification and set up their own enterprises in beautiful surroundings and quiet and remote rural locations.

Our Friday night meal left us almost too replete to follow our bat expert, Phil, and moth man, Norman, down to where the Monmouth canal crosses the River Usk just outside Brecon.

Before we left we learned a little of both bat and moth biology, saw a couple of unfortunate road casualty bats, stuffed and mounted, and witnessed the first in a series of acts which demonstrated the morbid fascination for faeces that zoologists have.

They disguise animal excrement under a number of technical names, but all boil down to the same thing in the end. Bat droppings, which look for all the world like mouse droppings, are odour-free, Phil told us, and consist entirely of the ecoskeletons of insects. Consequently, when rubbed between finger and thumb, they disintegrate into a sort of brown dust. His large plastic ice-cream container of brown dust confirmed just how often he had carried out this demonstration.

We stumbled along the dark canal tow-path beside the limpid water and then slithered down the bank to the river. Phil turned on his bat detector, an instrument which translates the high-pitched echo-location calls of bats into sounds audible to the human ear, and quickly picked up the tutting clicks of a pipistrelle.

A new call came from the machine – the squelchy, kissing-the-air sound of a Daubenton's bat, and Phil clicked on the powerful lamp to shine low over the water. There was the bat, hovercrafting towards us, skimming the surface as it snatched up insects for its supper.

Up on the bridge, Norman had placed an ultra-violet tube on a white sheet and was busy picking up the small moths this attracted and popping them into glass vials for our inspection. The moths were small, delicate and incredibly beautiful.

It was back to the droppings next day in the rocky countryside around Llyn Brianne. Here we found badger dung in specially-dug pits and otter spraints placed sparingly on prominent rocks as scent markers for other otters to find. The nature of these black stains on the stones can only be confirmed by smell, and our gleeful guide scraped off some as a black powder, cupped her hands around it and sniffed avidly before passing it round for the rest of us to sample the unmistakeably sweet smell of otter, confirming that these elusive animals do pass up the river here.

It was not all droppings, though. There were owl pellets, too, ejected from the crop of a barn owl in a nearby roost which, when teased gently apart, revealed the skeletal remains of shrews and voles seized in the talons of these silent white hunters. We spent some time on a Brecknock Wildlife Trust reserve looking at various flowers, and at a small pond containing newts, with the sound of willow warblers and cuckoos in our ears and with half an eye cocked for a rare red kite.

The wild Welsh hills are not all covered with the ubiquitous sitka spruce, and from the lichen-encrusted oak trees of the steep woods came the penny-spinning-on-a-plate song of the wood warbler while redstarts and pied flycatchers flitted from branch to branch or pounced on passing insects.

We were in extra time now, just running down the valley out of the wild country below Llyn Brianne on our way back to the farms, when it happened. The minibus radio was on so as not to deprive the football junkies of their fix.

Nottingham Forest were busy scoring an own goal when a passenger pointed to a strange bird flying overhead. The roar of excitement in the vehicle almost matched that from the stadium as the passengers fell over each other to catch a glimpse of the red kite we had heard so much about.

■ **Michael Woods was a guest of the Wales Tourist Board. The Brecknock Wildlife Trust runs a number of wildlife weekends each year, for a maximum of 14 participants, based on local farmhouses.**

Volunteer wildlife experts lead various activities – badger-watching, batting, moth trapping, listening to the dawn chorus, looking at dormice, investigating geology and considering influences on the landscape.

Lasting from Friday dinner-time to Sunday lunchtime, they cost £97. Inquiries: Peter Jenkins, Brecknock Wildlife Trust, Lion House, Lion Yard, Brecon, Powys LD3 7AY, tel: 0874-625708.

Waiting for the Lion of the Desert

***William Keeling** on the Eid-el Kabir durbar*

IF YOU got close to the emir, you could see his eyes smiling from behind the tiny saucers of his sunglasses. His courtiers proclaim him Lion of the Desert and the people of Katsina, a city in northern Nigeria bordering the Sahara, were thronging the square by his palace to watch the spectacle of the Eid-el Kabir durbar.

The Moslem festival of Eid-el Kabir marks the occasion when the prophet Mohammed, to show his devotion to Allah, offered his son in sacrifice. The son was saved when Allah ordained that a ram should be slaughtered instead.

Ever since, the festival has provided a day of reckoning for rams. While their price in the preceding weeks can reach $300 (£169.40) an animal, their moment of high worth is short-lived.

Working up their hunger in Katsina were warriors clad in chain-mail thrusting 7 ft spears high in the air, whipping their chargers into a gallop to pay homage to the emir.

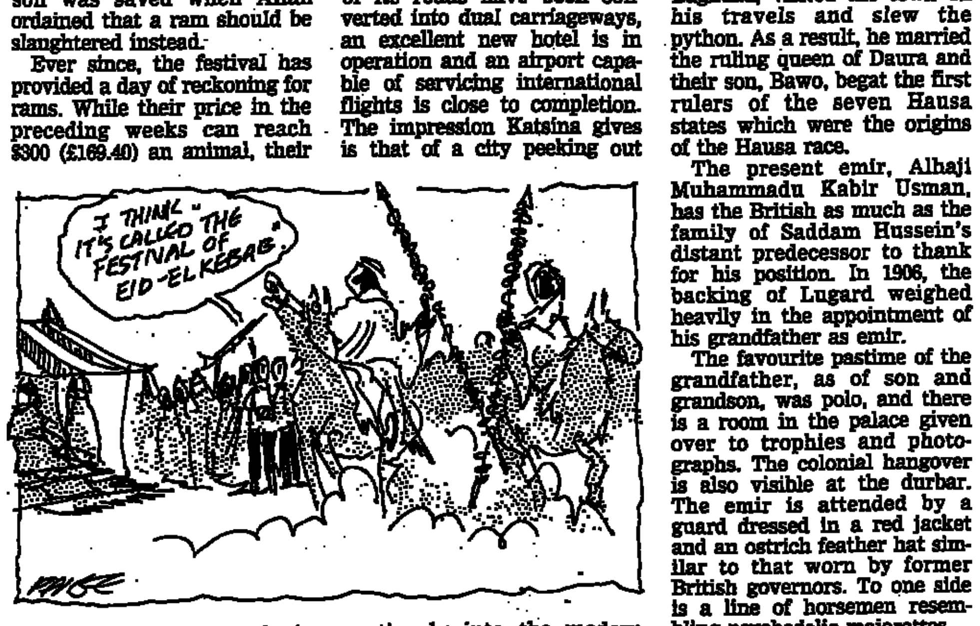
The spectacle could be compared cheaply to a Hollywood *El Cid*, or the re-enacted battles of Cromwell that embarrass the fields of England in summer. The durbar celebrates a tradition that not only survives among the Hausa-Fulani peoples of the region, but has evolved along with their changing society.

The retinues that accompanied the district heads were an amalgam of old and new, warriors set alongside boy scouts, children dressed in crayoned camouflage touting cardboard automatic pistols while their fathers carried 19th century dane-guns.

Just as bead-strewn fulani women walked gracefully by with huge pots balanced on their heads, so did groups from the government-sponsored "Better Life" campaign to emancipate women from the male dogmatism of rural life.

Women and men alike entered into displays of mock mutilation, passing swords across stomachs, tongues, eyes and, most vigorously, their genitals to indicate their subservient willingness to make a sacrifice second only to one.

Since 1987, when the federal government gave Katsina its own state, the city has enjoyed a large injection of cash. Many of its roads have been converted into dual carriageways, an excellent new hotel is in operation and an airport capable of servicing international flights is close to completion. The impression Katsina gives is that of a city peeking out cautiously into the modern world.



The history of Katsina mixes together the rich ingredients of the Sahara, Islam, feudal lords, warrior nomads and, in 1903, the intrusion of British invaders under the command of Sir (later Lord) Frederick Lugard.

Cataloguing the historical change is E.A. Matthew, who is in charge of the city museum. It is situated in a single dusty room in a mud and clay building constructed by the British as the first English-language school in northern Nigeria. It was in this school that many of the post-colonial leaders of Nigeria, the most populous nation in Africa, received their early education. One pupil was the first premier of the Northern Region, Ahmadu Bello. Others included did Nigeria's first Prime Minister, Sir Tafawa Balewa, and two former heads of state, Yakubu Gowon and Shehu Shagari.

An intriguing array of items is displayed on and around an English oak table. There is a rusty ballot box from the 1954 national elections and a horse saddle that belonged to a man who conquered the neighbouring state of Sokoto.

Draped over a wooden board is the skin of a giant python, probably the museum's most prized possession. The skin is believed to be that of a snake which lived in the Kusugu well in nearby Daura. It allowed the well to be drawn only on Fridays, and the villagers thirsted for water. Legend has it that Bayajida, son of the king of Baghdad, visited the town on his travels and slew the python. As a result, he married the ruling queen of Daura and their son, Bawo, begat the first rulers of the seven Hausa states which were the origins of the Hausa race.

The present emir, Alhaji Muhammadu Kabir Usman, has the British as much as the family of Saddam Hussein's distant predecessor to thank for his position. In 1906, the backing of Lugard weighed heavily in the appointment of his grandfather as emir.

The favourite pastime of the grandfather, as of son and grandson, was polo, and there is a room in the palace given over to trophies and photographs. The colonial hangover is also visible at the durbar. The emir is attended by a guard dressed in a red jacket and an ostrich feather hat similar to that worn by former British governors. To one side is a line of horsemen resembling psychedelic majorettes.

In line with the colonial ethic that the governor should not come to the emir, but the other way round, much of the spectacle is repeated the following day at the lodge of the Nigerian military state governor. By then, the rams have been converted into barbecued kebabs and sausage rolls and the atmosphere is that of an extravagant tea party.

The party's gentle talk is a far cry from the roar 24 hours earlier when the district heads pay homage by galloping with leading members of their entourage straight at the emir. At the last moment they pull up their beasts in a swirl of dust, raising their fists in salute. The closer the riders get to flattening the emir, the greater the cheers of the crowd. Restricted from showing his riding prowess, smothered in his hooded cape and surrounded by attendants, he looks on as the force of tradition thunders past.

ARTS

Vocal and visual fireworks

'Mitridate' works wonderfully, says Max Loppert

YES, IT *was* worth doing; and it is exceedingly well done. Before the first night, on Thursday, of the first-ever *Mitridate, rè di Ponto* at Covent Garden, the doubters were heard in more than one opera-house foyer lamenting the choice of an unworthy work for the Royal Opera's exactly-timed salute to the Mozart bicentenary.

It is pleasant to report that they have been routed in the best possible way. The coherence and seriousness of this *Mitridate* – conducted by Hartmut Haenchen, produced by Graham Vick, designed by Paul Brown (and sponsored by the Friends of Covent Garden) – does not preclude an explosion of vocal and visual fireworks, a concentration on extravagantly colourful display in the linked arts of music and the stage. In that lies the double-faceted success of the enterprise: the first venture into *opera seria* of a 14-year-old boy of genius is rendered richly enjoyable both on its own terms and ours.

Nearly 80 years ago, Dent said that Mozart at that age was "not yet temperamentally equal to the treatment of such a subject" as the amorous and political intrigues at the court of the Macedonian king Mitridate as laid out in Cigna-Santi's libretto (modelled on the Racine tragedy). In the late 1970s, with the appearance of a first recording, the judgment began to be put to the test, and found seriously wanting; in this country at least, this Royal Opera initiative surely completes the process.

Only three of the 25 numbers are cut, plus a feasible quantity of *secco* recitative; the performance lasts nearly three hours, and does not drag for a single moment. Undeniably, some of those numbers can be admired only relatively – more for their prodigal fluency and technical assurance than for their appropriateness to or furtherance of the drama (the music of Farnace, the Bad Boy of Mitridate's two sons, conveys nothing of the pyschological penetration that, a decade later, Mozart would bring to a complex character such as the *Idomeneo* Electra).

But the quantity of music in which the voice of the "real" Mozart is heard seemed extraordinarily large at Covent Garden on Thursday. It includes not only the immediately remarkable arias and accompanied recitatives for the lovers Sifare (the loyal son) and Aspasia (the king's betrothed): music of limpid, poignant, passionate expression that contradicts both formula and expectation.

It also includes numbers superficially less adventurous, such as the king's entrance aria in a gentle, triplet-jogging G major spiced by the fantastic leaps from very low to very high that characterise Mitridate's vocal line – this is an early example of Mozart's theatrical genius for transforming constraint (wide leaps being a specialty of the tenor for whom the role was written) into virtue.

I must repeat the point: *Mitridate* at Covent Garden gives pleasure and grips the attention in equal measure because it has been put on with those aims firmly in view. The production is conceived with highly sophisticated intelligence and executed with absolute confidence – when Vick is on this form, there are few in opera-production to touch him. He and his designer have devised a dramaturgy in which the arcane rules of *opera seria* can be respected and modernised.

This *Mitridate* shows us an exotic, anti-naturalistic theatrical vision in which lights are bright, colour-contrasts are brilliant, costumes (apparently influenced in their Middle-Eastern barbaric splendour equally by Bakst, Bouquet and oriental figurines) fill out weirdly imposing shapes, and marbled crimson panels open or close around them for scene changes.

Apart from those very few moments when a singer seems placed too far back, the terms of the production feel so faultlessly "right" that one immediately learns to live in its world. These extraordinary figures confronting each other in huge panniered skirts while attendant whirl dervish-like in the background are a triumph of style imaginatively matched to content. The way each of the seven principals seizes his moment proves the point: this is a modern production of absolute singer-friendliness, an evening of the old-fashioned operatic pleasures made new.

Alastair Muir

Lillian Watson in Graham Vick's new production of Mozart's early opera-seria at Covent Garden

This is much more a Night of Seven Stars that the same house's recent *Huguenots* (to which opera the soubriquet belongs). The subaltern roles are admirably taken by Jacquelyn Fugelle and Patrick Power. Jochen Kowalski as Farnace glitters with glamorous menace, and uses his fabled countertenor with rare art. Lillian Watson's Ismene, a *Sheherazade* princess brought to life, makes the *seconda donna* one of the evening's enchantments – crisply and sweetly sung, delicately played.

Ann Murray (Sifare, written for soprano castrato) and Yvonne Kenny (Aspasia), singers at the peak of their powers, contrast beautifully in timbre – the former firm, full, with bright metal at the top, the latter exquisitely gentle and fragrant – and combine no less beautifully in the duet closing Act 2 that is the opera's emotional climax. Strongest impression of all is left by Bruce Ford, an American Rossini tenor who throws himself into the fiendishly difficult title role with heroic fearlessness; the voice, full-grained even in the highest heights, is a phenomenon.

Properly, a period-instrument orchestra in a raised pit was needed to do the show full justice – next time, perhaps? Meanwhile, the expert musical preparation and (even where one misses a degree of 18th-century vitality in the articulation) playing under Haenchen are evident from first note to last.

Video

Post-turkey viewing

IT IS my custom, as Christmas approaches, to give you audience-specific advice about which Yuletide videos to buy or rent for which members of the family. For example: great granny might want to watch *The Birth Of A Nation* while young Terry would prefer *Scream, Night Nurse, Scream*. Then again Auntie Flo might want to sob over *Love Story* while Mum and Dad, imaginatively re-living their Middle Eastern honeymoon, might lap up *Lawrence Of Arabia*.

This year the new releases are so heterogeneous that you could not sort them into neat separate piles if you tried. In a proliferating video market plurality of choice allows ever more particular or *recherché* viewers to be targeted. There might even be someone, for example, who wants to see *The Incredibly Strange Creatures Who Stopped Living And Became Mixed-Up Zombies* (RTM) (actual title).

Then again there might not. Millions too might not want to see – but they should – two superb early Wim Wenders films, stark as crossword puzzles but no less addictive to the fan: *Alice In The Cities*, in which a young man and a little girl zigzag across Germany trying to find its soul, and *The Goalkeeper's Fear Of The Penalty*, all about angst and allegorising on the soccer field. Both from Connoisseur, the films show modern cinema at its most jewelled and intricate.

Small movies deserve a large shout; otherwise video companies might become shy of releasing them. Zhang Yimou's *Red Sorghum* (Palace) is a visually thrilling Chinese miniature about an arranged marriage disarranged by war and history. Stephen Poliakoff's *Close My Eyes* (Artificial Eye) is a cunning triangle of British love, spiked with incest and set in the twilight of the Thatcher enterprise years. Savour the script and the forelock-tossing wit of Alan Rickman. And in Andrzej Wajda's *Danton* (Artificial Eye) Gerard Depardieu takes the French Revolution by the scruff of the neck and shakes a well-crafted costume film into a bravura acting display.

None of these movies exactly lends itself to a post-turkey afternoon slugged out in front of the telly. So I suppose I must do the rounds as Father Video and recommend some titles with more generic appeal.

For grannies and grandpas. *Blithe Spirit* (Warners), *David Copperfield* (MGM/UA) or *M. Hulot's Holiday* (Connoisseur). Lighthearted classics from the Golden Age, sprinkled with stardust and manageable laughter.

For parents and grown-ups over 30 and under 50. *L.A. Story* (Guild), Steve Martin's delightful Lotusland comedy (including the best mugger joke in cinema), Bill Forsyth's folksy-charming *Local Hero* (Braveworld) or *The Hunt For Red October* (CIC), in which the Cold War is so cold that defecting Russian submarine commander Sean Connery has sprouted a snow-white wig.

For the young or young at heart. *The Naked Gun 2½* (CIC), blue-ribbon zaniness from the *Airplane!* team, or Ridley Scott's *Thelma And Louise* (CIC), a cracking feminist road thriller starring Geena Davis and Susan Sarandon.

For the small or tiny. *Dick Tracy* (Touchstone), just so long as you whiz the children past Madonna's double entendres, or *Kindergarten Cop* (CIC), so long as you explain that Arnold Schwarzenegger is a real human being despite resemblances to an extraterrestrial from Planet Steroid.

For the dog and/or cat. *The Adventures Of Milo And Otis* (Virgin), a resourceful if dotty live-action animal adventure shot in Japan and voice-dubbed by Dudley Moore, or *White Fang* (Disney), Jack London's Alaskan wolf yarn shot on iciest location.

And for your least favourite relative? There is no contest. It must be *The Incredibly Strange Creatures Who Stopped Living And Became Mixed-Up Zombies*. I have not seen it but I feel I know what it is like. Happy Christmas.

Nigel Andrews

Strange fable from India

CLASSICAL Indian theatre falls into two traditions. There are religious epics – the *Mahabharata* and the *Ramayana*; and there are secular fables, beautifully exemplified by the eighth-century Sanskrit classic *Mrcchakatika* (*The Little Clay Cart*), now at the Cottesloe. This new version, drawn from 15th-century Hindi and 19th-century English texts by Jatinder Verma (who also directs), makes a beguiling evening's theatre.

The *Mrcchakatika* unites speech, gesture, movement, music and spectacle into a rich fable which relies on mood rather than plot. Its strangeness lies in its insistence on reality without realism: that is, its loves, fears, hopes and hatreds are not presented as naturalisms but are nonetheless made palpable.

The unknown author introduced the *Mrcchakatika* as a "drama on state-craft and wise rule." The play is haunted by a prophecy that a peasant shall be king, and by the demotic stirrings of rebellion. Against this context, a simple love story unfolds: Charudatta, a merchant whose virtue has incurred the King's wrath, has been dispossessed. His poverty attracts the courtesan Vasantasena, who believes herself slander-proof if she loves a pauper; so she gives up work and sells her servant-girl. Meanwhile the King's pompous brother-in-law falls for her, assaults her in a jealous fit, and blames Charudatta.

The action is perpetually crossed by strange relevances and incidental scenes. Objects and gestures assume a preternatural significance: there is trust in a gold box, honour in a string of pearls, and love in the little clay cart belonging to Charudatta's son. Above it all, two ludic deities preside; their message, "man's life is governed by roll of dice" is translated by the mortals into a shrug at the inevitable: "you never know."

The vivid set, all reds and ochres, conceals pools of lotus blossoms beneath a veranda. A flame burns in bowl of incense. The simplest gestures create scenes: two bamboo poles make a temple, or carriage, or garden. The music (by V. Chandran, songs by Ranjit Bolt) gives the action a quiet momentum. The acting is uniformly stylised, with little physical contact, so a scene turns on a sensuously lifted veil or a violent arc of the hand.

The versatile ensemble consists of Asian and Irish actors, chosen because their colour or history have made them marginal. The idea works tolerably well, but the case for an all-Asian cast is overwhelming. Each actor plays several roles, but the highlights are Cuckoo Parameswaran as a charming Vasantasena and Shehnaz Khan as her servant. Yogesh Bhatt, Nizwar Karanj and Shelley King polish off the smaller roles. Shelley King as an unemployed masseuse offers the soundest advice of the evening: "kill the five senses, dissolve the ego, purify yourself, and heaven is yours.

Andrew St George

Radio

Pushkin's view of Mozart

THE Saturday Classic Serial on Radio 4 is what most of the characters and some sympathetic announcers call *Jamaica Rinn*. By the end of the second instalment, Mary Yellan, Joss Merlyn's niece at the inn, has met the Reverend Francis Davey on the moor, and become friendly with Jem Merlyn, general utility man and horse-thief. At the inn, Joss has been asleep drunk while events go on, but in a moment of hysteria he reveals the trade of the wreckers as well as the smugglers. Michael Bakewell's adaptation of Daphne du Maurier's novel presents its excitements very well, and there is able playing by Susannah Corbett as Mary and Mark Straker as Jem. The director is Enyd Williams, who got her killing eye in last week with *The Colour of Murder*.

Thursday marked the culmination of the Mozart bicentenary celebrations with almost a whole day on Radio 3, the actual anniversary of his death – music, history, comment, anecdote, even drama, presented by Nicholas Kenyon. There has been a glut of Mozart plays; Radio 4 has a biographical serial, Stanley Sadie's *Requiem for Mozart*, on Tuesdays, and Radio 3 repeated Peter Hall's production of Peter Shaffer's *Amadeus* (not my favourite play) on Sunday. They also repeated Pushkin's *Mozart and Salieri*, on Thursday.

Written a mere 40 years after Mozart's death, it lasts only 20 minutes, but it is a gem, despite its manipulation of fact. It begins with Salieri (Paul Scofield), reminding himself enviously of the talent greater than his own granted a "madcap". Then Mozart (Simon Callow) presents an old fiddler with his awful rendering of "Voi che sapete", before sitting at the harpsichord and showing his own gift. The two leave to dine (but "Here's poison!" murmurs Salieri), and Mozart recounts the odd commission he has had for a Requiem. As he tells of it (and we hear some of it), the poison begins to work. True or false, this is the elegant way such a story should be told. Piers Plowright directed.

Nothing middlebrow on Wednesday about Bryan Magee's *Rough Guide to the Universe*. This is some ten billion light-years across, Professor Martin Rees told us, still expanding, unlikely to collapse in less than 50,000 million years' time. There might be other kinds of universe with different physical laws. Professor Roger Penrose (who first analysed the black hole) did all he could to explain curved space-time, which was infinitely curved at the Big Bang; and Professor Paul Davies did his best to give us some understanding of the quantum mechanics vital in today's science. Frankly, I could not follow all I heard, but I took Stephen Hawking's *Brief History of Time* down from the shelf afterwards and tried to fill in the gaps – the kind of effect such programmes should have. But like quantum mechanics, I am still afflicted with the uncertainty principle.

It is worth noting that on three days last week Radio 1 gave programmes about the care of money, and on Sunday had a wise programme about condoms to mark National Aids Day (more fully observed on television than on radio). Radio 1's social conscience does it credit.

B.A. Young

'Romeo' shows off LCB's paces

A NOTE in London City Ballet's programme for its new staging of *Romeo and Juliet* currently at the Churchill Theatre, Bromley identifies two significant facts about the company's work. By dint of ceaseless and industrious touring the troupe attracted nearly a quarter of our classical ballet audience in 1990/91 – and this without the proper revenue finding from the Arts Council. LCB has laboured long and hard, reaching an audience eager for classical dancing, and has done so by dint of an imaginative search for sponsorship. Its stagings have varied in quality – as this page has recorded – but in devotion to the task in hand, in sheer vitality of performance, the troupe has, in my experience, never failed to communicate its pleasure in dancing, not failed to touch its audience with the joy of dance-going. The same cannot be said of certain sterile and costively pretentious modern troupes on whom the Arts Council lavishes its affections.

It is time for full official recognition of LCB's achievement, and its new *Romeo* indicates that the company has made a significant step forward in quality of presentation. The staging is by Ben Stevenson, originally mounted for his Houston Ballet, and well adapted for the smaller forces of London City. It is straightforward, choreographically bland, but honest in its response to the Prokofiev score, which has been adapted with skill by Chris Nicholls to the reduced numbers of LCB's orchestra. David Walker's original Houston designs are handsome – renaissance Verona; good costuming – and the cast I saw on Wednesday night wore their clothes, like their roles, with panache.

A key fact of the evening was the presence of Yelena Pankova as Juliet. Now a resident guest with the company, as is her partner, Kirill Melnikov (also from the Mariinsky Ballet), Pankova is a Juliet in the great Russian tradition. The dance, of course, floats, and is placed with exquisite refinement. Memories of other Russian Juliets – from Ulanova to Makarova and Semenyaka – are inevitable when faced with the delicate absorption and concentration of feeling which marks Pankova's reading. Like them, she seems to meditate upon her love, and offer it to Romeo with a perfect and perfectly lovely trust. The choreography does not allow for much ecstasy, but Pankova speaks poetry even at the dance's most prosaic moments, and we believe. Melnikov is a decent Romeo, who might be more ardent in more ardent choreography; other roles – Paul Thrussell a buoyant Mercutio; Ross Ferguson a black-tempered Tybalt – are strongly, securely done.

The production is fluent in its scene-changes as in its alterations of pace, and Prokofiev is not maltreated (though there are unresolved questions of orchestral balance, perhaps due to amplification). But the presentation is a major success for LCB, and proof – were proof still needed – that the company is of real significance and importance in the scheme of balletic things. Barclays, who sponsored *Romeo*, and Texaco, who sponsor the company, are to be thanked. Official subvention is now overdue.

Clement Crisp

Chess No 900: 1..Bb5 2 axb5 Nhg3+ 3 Nxg3 Nxg3+ 4 hxg3 hxg3+ 5 Kg1 Rh1+ 6 Kxh1 Rh8+ 7 Kg1 Bc5+ 8 Nxc5 Rh1+ 9 Kxh1 Qh8+ 10 Kg1 Qh2 mate.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Ovide. 7.40 Opposites Attract. 7.50 The Jetsons. 8.15 ChuckleVision. 8.35 Dungeons and Dragons. 9.00 Going Live!.

12.12 **Weather.**
12.15 **Grandstand.** Including 12.20 Football: Previewing the FA Cup Second Round. 12.40 Racing from Cheltenham: The Charterhouse Mercantile Leisure Novices Chase. 12.55 News. 1.00 Rallycross: The British Grand Prix from Brands Hatch. 1.15 Racing: The Charles Heidsieck Champagne Bula Hurdle. 1.30 Skiing: The Men's Downhill Championship from Val d'Isere. 1.50 Racing: The AF Budge Gold Cup Chase (H'cap). 2.05 Rallycross. 2.25 Racing: The Mercury Communications Prince's Trust Hurdle. 2.40 Rallycross. 2.55 Rugby League: Continuous live coverage of the first semi-final of The Regal Trophy. 3.40 Football. 3.50 Rugby League: Second-half coverage of The Regal Trophy semi-final. 4.35 Final Score. Times may vary.
5.00 **News.**
5.10 **Regional News and Sport.**
5.15 **Daffy Duck Double Bill.**
5.25 **One to Win.**
5.55 **Noel's House Party.**
6.45 **Bruce Forsyth's Generation Game.**
7.45 **Film: Starman.** When an unidentified spaceship is shot down over Wisconsin, its extraterrestial occupant escapes to the isolated home of the recently-widowed Jenny Hayden. She awakes to find the alien has recreated himself in the form of her late husband. Starring Jeff Bridges and Karen Allen. (1984).
9.40 **News and Sport; Weather.**
10.00 **Match of the Day: The Road to Wembley.** *Reviewing the best action from the Second Round of the FA Cup. It is at this stage that the non-league sides have an opportunity to become giant-killers. But how many will actually make the grade?*
11.00 **Film: Dirty Harry.** A sniper kills a young girl and holds the city of San Francisco to ransom. Harry Callahan (Clint Eastwood) is assigned to the case. Violent thriller co-starring Harry Guardino (1971).
12.35 **Weather.**
12.40 **Close.**

BBC2

8.45 Open University. 11.05 Spirit of Asia. 12.05 pm Holiday Outings. 12.15 The War Years.

1.30 **Holiday Outings.**
1.45 **Heirs and Graces.** Lady Victoria Leatham visits Blenheim Palace, England's most famous country seat.
2.15 **Network East.** Leading Indian painter M.F.Hussain discusses his unconventional artistic career.
2.45 **Mahabharat.** (English subtitles).
3.25 **Film: Mr Skeffington.** Fanny Trellis marries Job Skeffington to save her adored brother from scandal. Vintage melodrama starring Bette Davis and Claude Rains (1944).
5.30 **Play Bridge with Zia.**
6.00 **On The Record: A Survivor's Guide to Maastricht.** As the debate on Europe rages, John Cole, John Simpson and Peter Jay present a survivor's guide to the Maastricht Summit.
6.35 **Have I Got News for You?** Special guest Edwina Currie helps team captains Ian Hislop and Paul Merton launch the final satirical assault on the week's news. Last in series.
7.05 **News and Sport; Weather.**
7.20 ***Sounds of the Sixties.***
7.50 **Nights in the Garden of Spain.** Spanish pianist Alicia De Larrocha and the Montreal Symphony Orchestra, conducted by Charles Dutoit, perform Manuel de Falla's highly evocative work with film of the Gardens of Granada's Alhambra and of Generalise.
8.20 **Master Peter's Puppet Show.** Puppets and singers perform a piece by Manuel de Falla, based on Cervantes' Don Quixote.
8.50 **Moving Pictures.** A profile of the work of movie mogul Sam Arkoff. Also featured is a review of The Addams Family, a $35m film which stars Anjelica Huston.
9.40 **Film: Dillinger.** Top G-man Melvin Purvis swears vengeance on a gang led by the notorious John Dillinger, after five FBI men are killed in a shoot-out. Action thriller starring Warren Oates and Ben Johnson (1973).
11.20 **Film: The Fall of the House of Usher.** Gothic horror based on the story by Edgar Allan Poe. Starring Vincent Price (1960).
12.35 **Def II: Dance Energy.**
1.10 **Close.**

LWT

6.00 TV-am. 9.25 Motormouth. Live music by Cathy Dennis, and early Yuletide greetings from Vic Reeves. 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

1.00 **ITN News; Weather.**
1.05 **LWT News; Weather.**
1.10 **Saint and Greavsie.** *A special edition of the show presented from New York on the eve of the draw for the qualifying competition for the 1994 World Cup. Plus all the midweek Rumbelows Cup action and the draw for the quarter-finals.*
1.55 **The Day.**
2.00 **Cobblestones, Cottages and Castles.** New series. David Young sets off on a journey through the South West, finding the fascinating, unusual and bizarre.
2.25 **World Matchplay Snooker.** New season of snooker beginning with one of the most popular tournaments of the year. The top 12 ranked professionals in the world take part in the event that guarantees big names through to the final.
4.45 **Results Service.**
5.00 **ITN News; Weather.**
5.05 **LWT News; Weather.**
5.15 **10 Sharp!** Pat Sharp takes on American wrestler Johnny B Goode and talks to singer Zoe and DJ Neil Fox about the Capital Christmas Party.
5.25 **Catchphrase.**
5.55 **Baywatch.**
6.55 **Blind Date.**
7.55 **Film: The Ruth Rendell Mystery Movie: Put on by Cunning.** World-renowned flautist Sir Manuel Carmargue is about to marry his young fiancee when tragedy strikes. Feature-length murder-mystery starring George Baker (1990).
9.50 **ITN News; Weather.**
10.05 **Regional Weather.**
10.10 **Lenny Go Home.** Lenny Henry returns to his Midlands roots, in this documentary shot on location and in the studio.
11.10 **The Benn Fight and Snooker.** Nigel Benn v Hector Lescano. The fight comes live from the G-Mex Centre in Manchester. Plus World Matchplay Snooker from The Dome in Doncaster.
1.00 **Tour of Duty.**
1.55 **Get Stuffed; ITN News Headlines.**
2.00 **Wrestling.**
2.50 **Get Stuffed.**
2.55 **New Music; ITN News Headlines.**
4.00 **American College Football '91.**
5.00 **The Hit Man and Her**

CHANNEL4

6.00 Early Morning. 9.30 Same Difference. 10.00 Travelog. 10.30 Wagon Train. 11.30 Tony Jacklin's Pro-Celebrity Golf Challenge. 12.30 pm American Football - Red 42.

1.00 **Racing from Doncaster** introduced by John Francome. Featuring the 1.10 Philip Cornes Novices' Hurdle, 1.45 Constant Security Handicap Chase, 2.15 Hayselden VW and Audi Handicap Hurdle and the 2.45 Freebooter Novices' Chase.
3.05 **Film: Born to Dance.** A sailor meets a singer-dancer in New York. Musical starring Eleanor Powell and James Stewart (1936).
5.05 **Brookside.**
6.30 **News Summary and Weather; Right to Reply.** A discussion *about Tuesday's controversial* programme Without Walls: The Holy Family Album, between Channel 4's commissioning editor for arts Waldemar Januszczak and theology lecturer James Conroy. Plus, viewer Ros Vecsey, who runs SOAP (Save Our Aussie Programmes), argues why Central television should not axe Prisoner: Cell Block H.
7.00 **South.** Jagriti (The Awakening) by Indian director Jugnu Ramaswamy, who uses fiction and docu*mentary to look at the reality of* life for children in a poor district of Delhi. The film centres around the Motia Khan slum and the struggle of Ramaswamy and a few friends to build a school in the face of official indifference and outright hostility from local business interests.
8.00 **Film: The Horse's Mouth.** Alec Guinness stars as an ageing artist prepared to go to any lengths to ensure that he can go on setting down his visions in paint. Also starring Kay Walsh and Renee Houston (1958).
9.45 **Next Stop Hollywood: Once in a Blue Moon.** A man finding solace in following a rock 'n' roll star discovers that his life takes a new turn when a pregnant fallen angel appears on his window sill.
10.20 **Film: After the Storm.** Argentinian social drama focusing on a family's gradual disintegration when their factory worker father loses his job. (1990).
12.30 **The Oprah Winfrey Show.**
1.20 **American Football — Red 42.**
1.50 **The Word.**
2.50 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
11.30 The ITV Chart Show. 12.30 Motorsport. 1.05 Anglia News. 1.55 The Spectacular World of Guinness Records. 5.05 Anglia News and Sport 5.20 Warner Cartoon Time.

BORDER:
1.05 Border News. 1.55 The Spectacular World of Guinness Records. 5.05 Border News and Weather 5.15 Cartoon Time.

CENTRAL:
12.30 The Twilight Zone. 1.05 Central News 1.55 The World of Women's Tennis. 2.25 The Spectacular World of Guinness Records. 2.55 World Matchplay Snooker. 5.05 Central News 5.10 Central Sports Special.

CHANNEL:
12.30 Blockbusters. 1.05 Channel Weather 1.55 The Spectacular World of Guinness Records. 5.05 Channel News. 5.10 Puffin's Pla(i)ce. 5.15 Cartoon.

GRAMPIAN:
12.30 Beathaichean Neonlach. 1.05 Grampian Headlines 1.55 Beachd. 5.05 Grampian Headlines 5.10 Criomagen. 5.15 Put It In Writing.

GRANADA:
11.30 Peppino. 12.00 The ITV Chart Show. 1.05 Granada News 1.55 The Spectacular World of Guinness Records. 5.05 Granada News 5.10 Granada Goals Extra.

HTV:
1.05 HTV News 1.55 The Life and Times of Grizzly Adams. 5.05 HTV News and Sport

HTV Wales as HTV except:
1.55 The Life and Times of Grizzly Adams. 5.20 Cartoon Time.

SCOTTISH:
12.30 Dinosaurs. 1.05 Scotland Today. 1.55 Taxi. 4.45 Scotsport Results. 5.05 Scotland Today 5.15 Cartoon Time.

TSW:
12.30 The South West Week. 1.05 TSW News. 1.55 The Spectacular World of Guinness Records. 5.05 TSW News and Sport 5.15 Gus Honeybun's Cartoon Time.

TVS:
12.30 Blockbusters. 1.05 TVS News. 1.55 The Spectacular World of Guinness Records. 5.05 TVS News and Sport 5.15 Cartoon.

TYNE TEES:
12.30 Riverside. 1.05 Regional News. 1.55 The Spectacular World of Guinness Records. 5.05 Northern Life Sport Special. 5.15 Cartoon Time.

ULSTER:
12.30 Dinosaurs. 1.05 Ulster Newstime 1.55 Superstars of Wrestling. 2.50 World Matchplay Snooker. 5.05 Ulster News and Sport

YORKSHIRE:
12.30 Katts and Dog. 1.05 Calendar News. 1.55 Soccer in the Seventies. 5.05 Calendar News. 5.15 Cartoon Time.

S4C Wales as Channel 4 except:-

9.30 Jelfin. 10.00 The Time Tunnel. 11.10 A Brush with Art. 11.30 Same Difference. 12.00 Travelog. 6.30 Free for All. 7.00 Newyddion Nos Sadwrn. 7.25 Bacha Hi O 'Ma.
8.10 Margaret Williams. 8.40 Desmond's. 9.10 Quizbowl. 9.45 Tocyn Tymor. 10.20 A Face in the Crowd (1957)

SUNDAY

BBC1

8.40 The Pennine Challenge. 9.10 News. 9.15 The Promise of His Glory. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Fast Feasts. 11.00 Mosaic. 11.30 Skillshop.

12.00 ***Through the Looking Glass.***
12.30 **Country File.**
12.55 **Weather for Farmers.**
1.00 **News; On the Record.** On the eve of the Maastricht summit Jonathan Dimbleby interviews Sir Norman Fowler and Dr Renata Hellwig.
2.00 **EastEnders.**
3.00 **Film: Rio Bravo.** Sheriff John Chance finds his town blockaded by the brother of a jailed man. With just a handful of supporters, he has to hold out until the US Marshal arrives. Classic western starring John Wayne and Dean Martin (1959).
5.20 **The Clothes Show.** Reporting from the Clothes Show Live exhibition at the Birmingham NEC. Jeff Banks, Selina Scott and Caryn Franklin check out the demonstrations, photo-sessions and catwalk shows, including a parade in support of Aids charities.
5.45 **Merlin of the Crystal Cave.**
6.15 **Tomorrow - The World.** How to show appreciation and build up *the confidence of people we* meet.
6.25 **News.**
6.40 **Songs of Praise.** Ian Gall visits modern-day Gracehill, County Antrim, to unravel its history and join the locals in an act of worship.
7.15 **You Rang, M'Lord?**
8.05 **Only Fools and Horses.** The 1990 Christmas special starring David Jason and Nicholas Lyndhurst.
9.20 **News and Weather.**
9.35 **Ashenden.** Accompanying a Mexican general on a mission to intercept vital Allied documents, Ashenden is attracted to a young American woman. Last of the Somerset Maugham stories.
10.30 **Everyman.** Profile of the Mancunian Jack Preger who spends every day of the year treating the poor and destitute on the streets of Calcutta. He is considered to be a living saint, but feels guilty because his own children effectively have no father.
11.10 **Dear John: USA.**
11.35 **Birthrights.**
12.05 ***The Sky at Night.***
12.25 **Mahabharat.** (English subtitles).
1.05 **Weather.**
1.10 **Close.**

BBC2

7.25 But First This on Two; Tales of a Wise King and the Devil. 7.30 Hallo Spencer. 7.55 Playdays. 8.15 Bitsa. 8.30 Telling Tales. 8.45 Babar. 9.10 Blood and Honey. 9.30 Defenders of the Earth. 9.50 Blue Peter Omnibus. 10.40 The Dark Season. 11.10 Boxpops. 11.50 The O-Zone. 12.00 Around Westminster. 12.30 pm Film 91 with Barry Norman. 1.00 The Little Railway That Could.

1.30 **The History Man.**
1.35 **The Mozart Inquest.** Mozart's death in 1791 is shrouded in mystery. Now, 200 years later, an 'inquest' is convened to examine evidence both original and new.
3.00 **Mozart Requiem from Vienna.** Sir Georg Solti conducts the Vienna Philharmonic Orchestra in a performance of Mozart's Requiem, recorded on the 200th anniversary of the composer's death.
4.30 **Ski Sunday.** David Vine introduces the thrills and spills of the new skiing season from Val d'Isere.
5.05 **Rugby Special.** Chris Rea introduces the action as Bath tackle Northampton. Plus a preview of the Oxford v Cambridge Varsity match.
6.05 **Travel Show Guides.** A report from the Greek Island of Rhodes.
6.35 **The Money Programme.** John Penycate reports on the economic dilemma facing the American administration as it tries to restore confidence and kick-start the economy while the budget deficit continues to rise.
7.15 **The Natural World.** Tony Robinson revels in nature's greatest recycling system when he gets to the bottom of the wonderful world of dung.
8.05 **The Dream Machine.** Scientist Marvin Minsky talks about the latest efforts to create a computer with as near-human intelligence *as possible.*
8.55 **Did You See?** Jeremy Paxman hosts another resume of the week's television.
9.35 **Film: The Sure Thing.** A college freshman is offered the chance of a sexual liaison with a girl at the other side of America. starring John Cusack (1985).
11.05 **Ten Commandments.** First in a series of Warsaw-based morality stories, made by Krzysztof Kieslowski. This film examines the relationship between a father and *son, and their fascination with* computers.(English subtitles).
12.00 **Def II: Rapido.**
12.35 **Close.**

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm LWT News Weekend. 12.55 Weather.

1.00 **ITN News; Weather.**
1.10 **Walden.** An interview with a political figure of influence; **The Day.**
2.00 **World Matchplay Snooker.** The second quarter-final from The Dome, Doncaster.
2.45 **The Match.** Elton Welsby introduces coverage of the match between Nottingham Forest and Arsenal. **M 5.00 Bullseye.**
5.30 **Dinosaurs.**
6.00 **Animal Country.** Desmond Morris and Sarah Kennedy go to the East of England Show, which also receives a visit from The Queen.
6.30 **ITN News; Weather.**
6.35 **LWT News; Weather.**
6.40 **Appeal.** Stephen Fry speaks on behalf of the British Lung Foundation.
6.45 **Highway.** Harry Secombe visits the the Hebridean Island of Islay, the most southerly of the Scottish Western Isles which boasts magnificent beaches, varied wildlife and early Christian sites.
7.15 **You've Been Framed Awards.**
7.55 **Red Fox.** When a British businessman is kidnapped in Paris, the price of his freedom is the release of a convicted terrorist. Gerald Seymour thriller starring John Hurt and Jane Birkin.
9.50 **ITN News; Weather.**
10.05 **LWT Weather.**
10.10 **Spitting Image.** More latex *lampoonery from Fluck and Law's* creations; **The Day.**
10.40 **World Cup '94 and World Matchplay Snooker.** An in-depth look at the draw for the qualifying round of football's 1994 World Cup; plus the conclusion of the second snooker quarter-final. Introduced by Nick Owen; **ITN News Headlines.**
12.40 **Cue the Music.**
1.40 **Film: Schimanski: Solitary Confinement.** ITN News Headlines.
3.20 **Film: Love on the Run.**
5.10 **Out of Limits.**

CHANNEL 4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 A Week in Politics - Second Reading. Labour's treasury spokeswoman, Margaret Beckett MP, on the recession, and Conservative MP Richard Shepherd explains why he is introducing a Private Members Bill calling for a referendum on Europe. Plus, a look at Conservative Party attempts to attract Asian voters. With Home Office Minister Peter Lloyd MP and Tory MP John Cope. 10.50 Dennis. 11.10 Round the Bend. 11.30 The Lone Ranger. 12.00 Little House on the Prairie.

1.00 **Voyage to the Bottom of the Sea.**
2.00 **Film: Lord of the Rings.** Animated adaptation of JRR Tolkien's classic story about the battle between light and dark forces in a mysterious land. Featuring the voices of John Hurt and Christopher Guard (1978).
4.25 **All for Their Own Good.** How American biologists study various species of wildlife. Narrated by Rolf Harris.
4.55 **News Summary.**
5.00 **Jim Henson's Greek Myths.**
5.30 **Family Pride.**
6.00 **Press Gang.**
6.30 **The Cosby Show.**
7.00 **Equinox.** The production of bottled water has escalated into a *£300 million industry. Equinox* investigates the claims that it tastes better and is healthier for us than tap water.
8.00 **Whicker Way Out West.** Alan investigates the first and largest of several hundred Jesus Communes — the Christian Foundation run by Tony and Susan Alamo. Last in series. Previously shown on ITV.
8.30 **American Football.** The main game tonight is New Orleans Saints v Dallas Cowboys and the *road game is the Philadelphia* Eagles v New York Giants.
10.00 **Film: Seven Days in May.** A group of American generals plot to overthrow the president when he makes a peace treaty with Russia. Political thriller starring Kirk Douglas, Frederic March and Burt Lancaster (1964).
12.10 **Film: Sarraounia.** The Queen of the Aznas of Lugo leads her people to victory against a neighbouring tribe. Shown as part of the Cinema from Three Continents season. Starring Ai Keïta (1986).(English subtitles).
2.25 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 Goals Galore. 12.55 Anglia News. 5.00 Dinosaurs. 5.30 Bullseye. 6.35 Anglia News. 10.05 Anglia Weather.

BORDER:
12.30 Gardening Time. 12.55 Border News. 5.00 Scotsport. 6.00 Bullseye. 6.35 Border News.

CENTRAL:
12.30 Gardening Time. 12.55 Central News 6.00 The Earth Dwellers' Guide. 6.35 Central News 10.05 Local Weather.

CHANNEL:
12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 6.35 Channel News.

GRAMPIAN:
10.45 Interbang. 11.15 Sunday Service. 11.45 Link. 12.30 Jack Thompson Down Under. 12.55 Grampian Headlines. 2.45 Coronation Street. 3.40 Adventure. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Country Cook of the Year 1991. 6.35 Grampian Headlines.

GRANADA:
12.25 Granada This Week. 12.55 Granada News. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News.

HTV:
12.30 Climb to Kilimanjaro. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 Planning the Small Garden. 5.00 Bullseye. 5.30 Dinosaurs. 6.00 Animal Country. 6.35 HTV News.

HTV Wales as HTV except:
12.30 The Entertainers. 2.00 Farming Wales.

SCOTTISH:
10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 The Munro Show. 12.55 Scotland Today. 2.45 The Heavenly *Body. (1944) 4.30 Bullseye. 5.00 Scotsport. 6.00* Scotland's War. 6.35 Scotland Today 10.05 Scottish Weather.

TSW:
12.30 TSW Farming Week. 12.55 TSW News. 2.00 Fisheries News. 5.30 Cobblestones, Cottages and Castles. 6.35 TSW News.

TVS:
12.30 TVS News. 12.33 Agenda. 12.58 TVS Weather. 6.35 TVS News.

TYNE TEES:
12.25 Windsurf. 12.55 Regional News. 2.00 The Back Page and World Matchplay Snooker. 6.35 Regional News.

ULSTER:
12.30 Gardening Time. 12.55 Ulster Newstime 2.00 Farming Ulster. 2.30 Cartoon. 5.30 Coronation Street. 6.35 Ulster Newtime 10.05 Ulster Newtime

YORKSHIRE:
12.25 Goals on Sunday. 12.50 Calendar News. 5.00 Dinosaurs. 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 10.05 Local Weather.

S4C Wales as Channel 4 except:-
9.25 Willo the Wisp. 9.30 If Wishes Were Horses. 10.50 Voyage to the Bottom of the Sea. 11.45 The Stork Calif. 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw 'Mlaen. 2.15 San Steffan. 2.35 Equinox. 3.35 Pony Express. (1953) 5.30 Pobol y Cwm. 7.05 Newyddion.
7.10 Saith ar y Sul. 7.25 Bwrw'r Sul. 8.10 Hel Straeon. 8.40 Dechrau Canu, Dechrau Canmol. 9.10 Anest. 10.10 American Football. 11.40 Whicker Way Out West.

RADIO

SATURDAY

BBC RADIO 2
6.00 Graham Knight. 8.05 Ronnie Hilton. 9.00 Brian Matthew. *10.00* Sarah Kennedy. 12.00 Gerald Harper. 1.30 It Only Hurts When I Laugh. 2.00 Ed Stewart.
4.00 It Was a Very Good Year. 4.30 Katie and Friends. 5.00 Cinema 2. 5.30 Screenplay. 6.00 Bob Holness Requests the Pleasure. 7.00 Jazz Score. 7.30 In Celebration of Geoff Love. 8.20 From Jersey with Love. 10.00 The Arts Programme. 12.05 Brian Matthew. 1.00 Night Ride. 3.00 A Little Night Music. 4.00 The Early Show

BBC RADIO 3
6.35 (FM Only) Open University.
6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Schumann and Liszt.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 BBC Lunchtime Concert.
2.10 Debut.
2.35 BBC Symphony Orchestra.
4.00 Third Opinion.
4.50 Parsifal.
10.30 The 1991 Reith Lectures: The Language of the Genes.
11.00 Jazz Record Requests.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse.
4.00 News; Age to Age.
4.30 Science Now.
5.00 Living with the Legend.
5.25 Tea Junction.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-up.
6.25 Week Ending.
6.50 Stop the Week.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Open Mind.
10.45 As Others See Us.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 Newsdesk.
6.30 Morning Edition; Sport.
9.00 On Your Marks.
12.00 News and Sport; Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.00 News.
6.05 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres *Matin. 7.00 News;* Twenty-four Hours live; News summary. 7.30 From the Weeklies. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief.
9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld.
3.00 News. 3.15 Sportsworld continued. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary; Sportsworld: final results. 5.30 Londres Soir. 6.14 BBC English.
6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend.
9.00 Newshour. 10.00 News. 10.05 Short Story; Tough Medicine. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 Play of the Week: Amadeus. 2.00 Newsdesk.
2.30 Women By Men. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From our own Correspondent. 3.50 Write on. 4.00 Newsdesk. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
6.00 Graham Knight. 7.30 Don MacLean. 9.05 Richard Baker. 11.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Music in Miniature.
4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Black Magic. 7.45 The Collins Collection. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Colin Berry with Night Ride. 3.00 A Little Night Music. 4.00 Alex Lester

BBC RADIO 3
6.55 Weather; News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Seasonal Bach.
9.15 Sounding Brass.
10.15 Music Weekly.
11.00 A Dutch Retrospect.
12.25 Love Songs from the Court of Burgundy.
12.45 Table Talk in Tuscany.
1.00 News.
1.05 Your Concert Choice.
2.30 Wallfisch and Wallfisch.
3.15 Poet of the Month.
3.25 Scottish Concert Orchestra.
5.00 Soundings.
6.00 Toward the Light.
7.00 Schubert.
7.30 Sunday Play: Carver.
9.15 Berio and the Halle.
10.40 Haydn Piano Sonatas.
11.15 Twentieth-Century Sacred Music.
12.00 News.
12.05 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 *Desert Island Discs.*
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse: Kings for a Penny Drink.
3.30 The Radio Programme.
4.00 News; Country Matters.
4.47 Time for Verse.
5.00 News; Down Your Way.
5.40 Not What the Brochure Said.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.15 Feedback.
6.30 Europhile.
7.00 Root of the Matter.
7.30 Bookshelf.
8.00 Punters.
8.40 Thinking Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
9.59 Weather.
10.00 News.
10.15 Requiem for Mozart.
11.00 *In Committee.*
11.30 Seeds of Faith.
12.00 News and Weather; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World News and 24 Hours.
6.30 Meridian Reports.
7.00 Newsdesk.
7.30 Sunday Edition.
9.00 News and Sport.
9.04 Johnnie Walker.
10.30 Education Matters.
11.00 News and Sport; St Martin-in-the-Fields Limited.
11.30 Europe on the Move.
12.00 News and Sport.
12.05 Ring a Winner.
1.40 Open University: Open Forum.
2.00 News and Sport; Kitchen Cabinet.
2.30 Football Extra.
5.00 Sport; Mike's Secret Mike.
5.30 Black Museum.
6.00 Sport; Talking Poetry.
6.30 Great Expectations.
7.00 Sports Bulletin.
7.15 Euromix.
8.00 Paso Doble.
8.30 France Extra!
9.00 Deutsch Direkt.
9.30 Dragnet.
10.00 Sport.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close.

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9.00 News; Business Review. 9.15 Short Story: Tough Medicine. 9.30 The Best Of British. 9.45 Sports Roundup. 10.00 News; Science in Action. 10.30 In Praise of *God. 11.00 Newsdesk.* 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Play of the Week: Amadeus. 1.00 Newshour. 2.00 News Summary. 2.01 The Message in The Marble. 2.30 Anything Goes. 3.00 News.
3.15 The Mozart Years. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German; German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir.
6.14 BBC English. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German.
8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Folk in Britain. 10.20 Meridian.

CHESS

FOR AN unusual Christmas gift, consider a chess video. Grandmaster Video Magazine markets 60-75 minute cassettes, featuring games from important tournaments, discussions and quizzes. Its autumn 1991 issue covers the NatWest British Quickplay at Leeds, with film of John Nunn's attempt to win with two knights against a pawn with only five minutes on his clock.

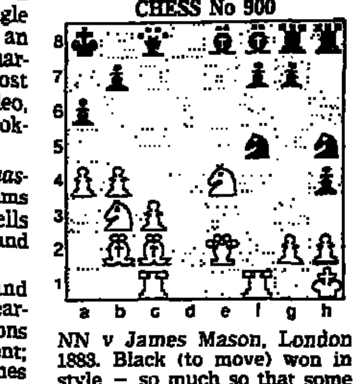
GV also offer *Kasparov-Karpov, the inside story*, a 160 minute video from last year's world title match at Lyon. It contains action, analysis by the two Ks and interviews with them. KvK is £20.95, a single magazine issue £13.95, or an annual subscription (four quarterly videos) £39.95, all post free from Grandmaster Video, Carthouse Lane, Horsell, Woking, Surrey (0276 855418).

Development of a Grandmaster by Bill and Michael Adams (Pergamon Chess, £7.95) tells how Michael became a GM and British champion at 17.

Judging from Adams and from Nigel Short a decade earlier, potential chess champions quickly sense their own talent; but tournaments and matches are scattered round the country, so parental support is vital, not least as a willing chauffeur (D Osborne, White; M Adams, Black; Caro-Kann; Cotswold Open 1985).

1 e4 c6 2 d4 d5 3 e5 Bf5 4 h4 Aggressive, but White ends up with too many pawns on dark squares. Current preference is for 4 Nf3, followed by Be2 and Na3-c2. h5 5 Ne2 e6 6 Ng3 Bg6 7 Be2 c5 8 c3 Nc6 9 Be3 Nge7 10 a3? 10 Nd2 with b3 is more flexible. c4 11 Bxh5? Bxh5 12 Nxh5 Nf5 13 g3 Qb6 14 Bc1 0-0-0? The then 13-year-old Adams liked gradual attacks, but Nfxd4! 15 cxd4 Qxd4 is even better. 15 Rf1 Kb8 16 Nd2 f6! Black offers another pawn to expose the WK. 17 exf6 gxf6 18 b3 e5! 19 Nxf6 exd4 20 bxc4 Bg7 21 Qf3 Bxf6 22 Qxf5 Rhe8+ 23 Kd1 dxc3 24 Qxf6 c2+ 25 Resigns. If 25 Kxc2 Nb4+ and Qxf6.

CHESS No 900



NN v James Mason, London 1883. Black (to move) won in style – so much so that some claimed Mason used the device of an unnamed opponent to compose his own brilliancy. How did the game, if it was, end?

Solution Page XXII

Leonard Barden

BRIDGE

TODAY'S hand from teams-of-four has interesting points of declarer play and defence:

	N	
	♠ J 7 6	
	♥ A 6 4	
	♦ 10 5	
	♣ A K 9 6 3	
W		E
♠ 9 3		♠ Q 10 2
♥ K J 10 2		♥ 9 8 5
♦ K Q J 9 3		♦ 8 7 2
♣ J 7		♣ Q 10 5 4
	S	
	♠ A K 8 5 4	
	♥ Q 7 3	
	♦ A 6 4	
	♣ 8 2	

With East-West vulnerable South dealt, and opened with one spade, North replied with two clubs, South rebid two spades, and North's four spades concluded the auction.

West led the diamond king, and declarer took stock. He had one spade loser, possibly two in hearts, two in diamonds, but one could be ruffed. The best plan was to set up another club trick. If that suit divided 4-2, he needed three entries to the table. He allowed the diamond king to win – essential timing. He won the queen which followed, drew two rounds of trumps, cashed ace and king of clubs, and ruffed a club, West discarding a diamond. Now he ruffed his losing diamond, ruffed another club, and crossed to the ace of hearts to play his established nine of clubs. East ruffed, and played a heart for West to score one trick. South claimed the rest.

In the other room, in the same contract and against the same lead, declarer fell at the first. He won the diamond king, and returned a diamond. The knave won, and West continued with the queen. This shrewd move forced dummy to ruff before South was ready. With the 4-2 break in clubs, the extra trick in clubs could not be established because one of dummy's entries had been used too early.

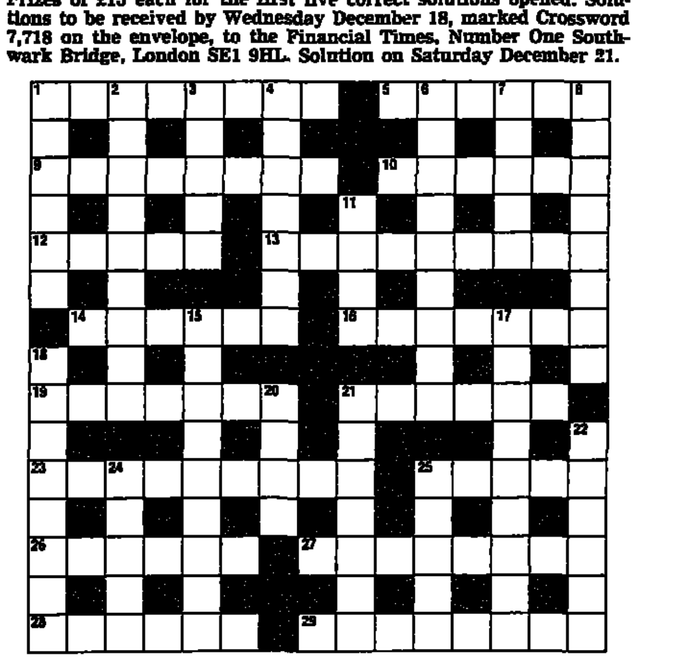
Poor play by the declarer, but fine defence by West. Many Wests would fail to spot that attack on timing.

E P C Cotter

CROSSWORD

No. 7,718 Set by GRIFFIN

Prizes of £15 each for the first five correct solutions opened. Solutions to be received by Wednesday December 18, marked Crossword 7,718 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 21.



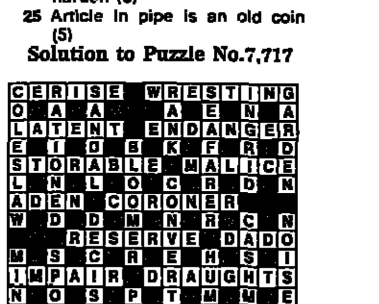
Name..

Address..

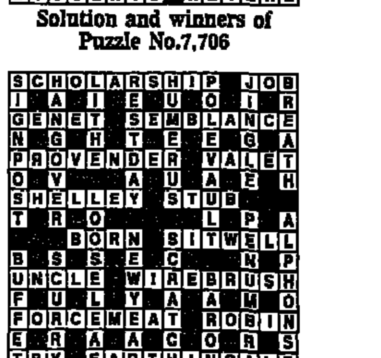
ACROSS
1 Kitchen equipment for British bank managers (8)
5 The list said "tea cake" (6)
9 Coaxial projection screwed on in turn (8)
10 Be consistent when officer present (6)
12 Each a quarter precisely (5)
13 Grew red, since a hybrid (9)
14 Gunners support this weapon (6)
16 Expert marksman on late watch (7)
19 Poor cadet I left by fortress (7)
21 Cue tip badly glued on stick (6)
23 Strain leg working with figures! (9)
25 Using old copper burn scrap (5)
26 Sign dictionary he's missed (6)
27 Misplace record before show (8)
28 Bright student always 100 ahead (6)
29 Fat girl's sweetheart admitted being down (8)

DOWN
1 Swam round the base (6)
2 High-spirited divorcee ran into tube, distraught (9)
3 No Holyhead boat is dirty (5)
4 Rio, more exotic and more spacious (7)
6 A pro with fresh ideas, as previously mentioned (9)
7 City editor imprisoned by the French (5)
8 Machine operators in very French lead works (8)
11 Detectives after a drug (4)
15 At home study true broadcast contract (9)
17 Travelled behind chosen conductor (9)
18 Enraptured engineer stands motionless (8)
20 Arranged till providing rhythmic effect (4)
21 I introduced chess piece of soap (7)
22 Nags from Shropshire city (not Bury) (6)
24 That is roll put back in to harden (5)
25 Article in pipe is an old coin (5)

Solution to Puzzle No.7,717



Solution and winners of Puzzle No.7,706



Mr W. Hepworth, Nottingham.
Mr R. Horgan, Diss, Norfolk.
Mr P. Keeley, Skerries, Ireland.
Mr G. C. Thom, London SE21.
Mrs Laurie Wells, Woodbridge, Suffolk

I was Captain Bob's lackey

***Dominic Lawson** enters the fantasy world of Robert Maxwell's court*

OF COURSE, I always knew he was a crook. I can't tell you what a relief it is, what a load off my mind, to be able to say it now. I think I first realised that Bob Maxwell – or "Sir" as I affectionately called him to his face – was a crook, when he first gave me a job. There was something more than merely vulgar about the way he pressed a thick wad of banknotes into my hand, as he uttered the words "You're hired!" And it was not just that the amounts he proposed to pay me were so much more than anyone else ever would. But I held my peace. I held my piece of the action too.

I soon realised that, of course, Bob was – as my good friend and journalistic colleague Peter Jenkins courageously pointed out in Thursday's *Independent* - "a mythomaniac on a psychopathic ego trip, rational up to a point but hugely ignorant and essentially deranged, a mixture of Horatio Bottomley and Ubu Roi". But, like Peter, I thought it wiser to keep such sentiments firmly hidden from the public, or indeed Bob, while the Captain was still, as it were, on board the boat. I had to think, not of myself, but of – if I might pursue the metaphor – the other crew members.

If I had given any inkling of what my true feelings were, there was a danger that all the little people would go overboard too. If you say that the Emperor has no clothes – and Bob was often inclined to forget to put his clothes on during our business meetings on the yacht – then you are not just doing yourself out of a job, but also all those people down the line who rely on you. Your secretary. Your interior decorator. Your mistress.

And, even at this stage, I can't find it within me to condemn my former employer utterly. He was a generous giver to charities, and lost causes, such as the Labour Party, to which we both had a life long devotion. Mine longer than his, I am glad to say.

Also, I still think it not out of place to refer to Bob's many acts of personal kindness, particularly to me. When I failed to come into an editorial meeting one day, because a sudden gust of wind had blown the roof off my house, he immediately sent round to my house a messenger with enough cash to pay the builders. When I asked, with all due propriety, how I should repay him, he answered with a characteristic laugh "Just don't ask where the money came from." I never did. My word is my bond. A deep-discounted bond in Maxwell Communications, to be precise.

Often, after I woke up in the morning, I would look at the mirror in the bathroom and ask myself why I was working for Bob. Then I would look at the *Mirror* on the table in the smallest of our three dining rooms and realise why.

In this great newspaper we fought the fight for the working man, for the rights of the sick and the old, the pensioners that this brutal Tory Government has so cynically neglected. At the same time, we refused to insult our working class woman readers with *Sun*-style page three pin ups. No. We insulted them instead with sleazy phone-line advertisements.

One day, as Bob was telling me what to write about in my column, I asked him to explain to me how the City worked, how he managed to keep afloat.

He replied "Imagine a basket full of s***. If you move it around your head slowly, some of it may land on you. But if you whirl it around your head rapidly, centrifugal force will ensure that no s*** will spill out over you. That's the way the City works."

I laughed then, to humour him. But I always knew the truth would come out. And I'm glad that I'm the one to tell it. That's what journalism is all about.

■ *Dominic Lawson is Editor of The Spectator*

Private View

A strange duet in Salzburg

***Christian Tyler** meets a composer going to his own Requiem*

LAST Wednesday evening the old city was splitting at the seams and I sought refuge in the Café Mozart in the Getreidegasse, a few doors down from the composer's birthplace at Number 9. It is an old-fashioned place on the first floor where elderly burghers in green *loden* jackets go to play chess.

The café was busier than usual; I amused myself by scrutinising the jumbled gallery of faces and trying to guess their owners' occupations. My eye was caught by a small, sharp-nosed character, quaintly dressed and with a full head of light-brown hair who sat by himself in the corner apparently engaged in the same game. After a while he called the waiter, was given a pencil and began scribbling on a sheet of paper.

I felt that shock which comes with the announcement of momentous news. I knew, with absolute certainty, who he was. Seconds later, I was standing beside his table.

Herr Mozart?

The little man gave me a piercing look, dropped his pencil and half rose to his feet.

Wolfgang Amadeus Mozart?

"A vostro servizio!." He smiled. "How amusing to be recognised in one's own city by . . . I think you must be an Englishman?" His voice was high-pitched but tuneful. "I have been running about town all day until my head is spinning and not one Salzburger has deigned to claim my acquaintance!"

I introduced myself in some confusion, adding quickly: But perhaps I am interrupting?

"Not at all, my dear fellow. May I offer you a glass of this peculiar punch? It's not much to my taste but it is all they have."

He beckoned to a plump waitress and ordered *glühwein*. The waitress responded with indifference and I wondered what would happen if she realised who was addressing her.

As if reading my thoughts Mozart leaned across the table and confided: "I am in some difficulty, you see, Herr Tyler. One little slip, my secret is out and then . . . Imagine the commotion! What a *scandale*!"

I promised to say nothing.

"You wonder why I am here – *how* I am here!" The eyes in his pale face glittered mischievously and he tapped the side of his beaky nose. "I will tell you. Not that you will understand. Give me one day, I said, just one day to visit my old town and . . . *Splatsch!* Here I am!"

And what do you think of it?

"*Unglaublich!* You know, they are talking of me everywhere, my music is everywhere, my portraits everywhere. How my dear father would have burst his buttons with pride! My mother too." Mozart looked sorrowful. "And my little Constanze . . . She married again, I hear, an ambassador von Nissen, and came from Vienna to live here. He seems to have been a good man.

"One of the guides (imagine, guides in Salzburg! It is a museum!) showed me her house in what they now call Mozartplatz – they have even put up a statue, so ridiculously heroic. I would have blushed with pride if I had not been weeping at the memory of her."

The composer's eyes brimmed. When he had collected himself I ventured: Are you surprised to be still so popular after 200 years?

"I am delighted, naturally. I am pleased as . . . as Punch!" He flourished his glass and took another sip. "But surprised? No, not if I am to be completely honest. Because I write for everybody who has two ears, not only for princes – or archbishops – or for those turkey-cocks who parade at the salon or the theatre just to show off their plumage. Should people lose the use of their ears after 200 years? Not even in Vienna are they so careless!"

It was obvious that Mozart had no idea of the true scale of his bicentenary fame. Tonight or tomorrow, I told him, I doubt if there is a single capital which will not hear your Requiem played. I pointed out that the Royal Opera House in London was staging his *Mitridate*, the opera he wrote in Milan aged 14 and which after its first successful run has hardly been heard since. Your reputation as an opera composer is probably higher now than at any time since your death, I said.

Now the composer did look taken aback. "But you know each of us has his place in the scheme of things. I took my cue from Gluck and Johann Christian Bach, and from dear Papa Haydn. Later in Vienna – for which I thank my good friend Baron van Swieten – I came to appreciate what Handel and Bach had taught us. Van Beethoven pushed things on again, as I predicted he would when they brought him to me – you could see the smoke coming from his ears!"

Mozart described his visit to a music shop that afternoon, where he had leafed through the works of some of his successors. "I have seen some beautiful things today. But I must say," he added with a grimace, "I found some monstrosities, too." Without naming names, he referred to "vast, creaking, interminable symphonies" and to "some skimpy bits of gibberish" from the present century.

Was he aware, I asked him, of the legends that had grown up around his prodigious youth and his premature death at 35?

"I overheard some delightful rubbish spouted by the guide in the prince-archbishop's palace. But my heart was more warmed by the discovery that at last those clerical brutes have been sent packing, and all their fleas with them. *Sic transit*

gloria as my father used to say.

"But you were saying . . . Ach, yes. The stories. No, why should I mind a little exaggeration? I have no quarrel with honest folk if they wish to comfort themselves with tales of magic."

People used to call you a genius inspired directly by God.

"Well, God forbid that I should not thank Him for the great talent he gave me." Mozart inclined his head devoutly. "But what does genius mean? I studied hard from a tender age under my father's guidance – the violin, the clavier, the organ, harmonic exercises, composition exercises. And I worked hard, God knows. It was a joy for me, but it was work nonetheless.

"As for my ideas, yes, they have always been floating in my head ready for me to catch. And I am blessed with a wonderful memory, if I may say so." He knocked the side of his head and grinned.

Can you account for your good memory?

"Truly I can not. It is like doing mathematics in your head – I have always loved mathematical puzzles." He looked round the room. "Or like chess. I am sure I should be good at playing chess in a blindfold. I was Vienna's champion player at blindfold billiards."

You're joking, I said.

"*Si. Sto scherzando.*"

Mozart pushed the paper across the table. It was covered with musical themes of a few bars each. "See. Some ideas that came to me today and may prove useful. The hard part is drawing them out – and finding a few surprises, too. That is the real creation.

"I want to write music that sounds pleasing whatever its mood. Should I write ugly music just because I am in a bad temper? Or throw in out-of-place discords because I have a toothache? Of course not! And the rests are so important. Some of my best music is in my silences." He chuckled. "Let us have some more punch."

The composer called for the waitress. A few heads turned and I feared he would give himself away. I asked him what he thought of the stories that he had been poisoned by a jealous husband, or even by Salieri, the Emperor Joseph's court composer.

"Nonsense! I am afraid my poor Constanze had a lot to contend with – people with loose tongues. Salieri was a crafty old courtier, but he had no reason to wish me harm. He liked my *Zauberflöte* tremendously.

"And as for faithlessness. Dear God, I swear there was never a truer husband in history."

When I told Mozart about his "pauper's burial," he was incensed. "But everybody, except the highest of the high, was buried in this way at the time. It was the Emperor Joseph's decree! He was terrified of disease, not to mention bad smells!"

We discussed money, and Mozart confessed that although his income was erratic he was never poor. He lived well but was hopeless at managing money. He admitted to gambling at cards, but never – "well, hardly ever" – for large amounts.

There is a modern musical based on the idea that Mozart faked his death and escaped to New York where he continued writing under a pseudonym. "Like that scoundrel da Ponte, you mean? Ludicrous! If I had gone anywhere it would have been to England. I had a very good offer from the Prince of Wales, but poor Constanze was so ill. I even took lessons from my English friends in Vienna, but I have as bad an ear for your language as our little fox terrier Bimperl."

Mozart pulled a gold watch from his pocket and exclaimed. "But it is half past eleven. Only one and a half hours left! Excuse me, dear fellow, but I must go up to the Cathedral to hear my Requiem. Would you mind settling our bill?"

With pleasure, I said. The composer hurried from the café, leaving his scrap of paper on the table. How could I call him back? I put the paper in my pocket – the only proof of my unbelievable encounter.

Who dares, loses

Nigel Spivey

THE Special Air Services regiment is no stranger to Wales. Commando trainees yomp regularly over the Brecon Beacons and some, we believe, perish there like lost lambs. From its headquarters in Hereford, the SAS plots ever-more-fiendish yomps for itself and others who want to learn how to biff the enemy most effectively.

Recently, the regiment has been yomping in my neck of the woods – or, more specifically, on land owned by a distinguished sculptor called John Clinch, who has converted a hill farm into a studio. He and his neighbours were asked by the SAS if their land could be used for an exercise. Those who consented were invited to a reception in a local drill hall, to be followed by a reception by way of thanks from the regiment.

John thought that this was the sort of "do" that I would appreciate. It was, as he pointed out, a free meal. Quite right. And, like many other immature men, I harbour great veneration for the crack machismo of the SAS. In my dreams I am a tireless yomper, a skilled pugilist, the sort of fellow you would call upon to storm impregnable embassies, lash rope bridges over a torrent, and all the rest. So, I put on my oldest tweed jacket, practised my heartiest sheep-farmer's laugh and reported to the drill hall.

It was a curious occasion. For centuries, Welsh farmers have been masters of survival in the wild. They have clung on throughout the welter of snows, rains and EC directives. It is hardly surprising that some of those descending for a rare taste of urban society looked troglodytic: shaggy, inbred and prognathous creatures. Others were the rotund and ruddy types you see wedged into brand-new Daihatsus, looking remarkably prosperous for men whom Common Agricultural Policies seek to extinguish. They all came in from the cold night rubbing their hands and stamping their feet: their appetites palpably were keen.

We were greeted by a jovial man in civvies who had apparently done all the business of squaring permission to land helicopters and so on. Behind him, some lean and bronzed subalterns paced about in their combat gear. I suppose they all knew 50 ways to kill a man with their bare hands, but they seemed rather puny amid so many stolid farmers. One of these chaps addressed us. He had the usual apparatus of visual aids: a map that no one could see properly and some slides of men building a raft in the Burmese jungle. I imagined his title of his briefing: "Regiment, history of, explanation of to agricultural personnel."

The local survival experts were, I think, amused to see some basic boy scout dodges being described so portentously. We were told that the object of the exercise was for soldiers to prime themselves for situations in which they were stranded behind enemy lines. Sixty men were being released on our land with only basic maps and a few 10p coins. Another hundred or so would be searching for them. Helicopters and Land Rovers would be buzzing about for a week.

Our role in all this was spelled out firmly: "These men may materialise on your property. They are under strict instructions not to approach any buildings or seek help in any way. If you see them, we want to know. They may be exhausted and broken. At all costs, please do not assist them, do not take pity on them in any way. That is the condition we want them to be in. They will learn lessons out here that they will never forget."

Now, some of the farmers had brought their wives: warm, ample-bosomed ladies to whom one would cleave naturally for tea and sympathy. When it was revealed that the fugitive soldiers would include representatives from other countries, we exchanged meaningful glances; stories are told about shivering Italians creeping into warm kitchens for platefuls of bacon and eggs. But we are instructed resolutely to be hostile.

Questions were called for. There was complete silence. This might have been due partly to the fact that English was not the first language for many of the audience. But I knew the real reason: we were hungry. We knew the rules of the exercise. We could take the disturbance of the helicopters. We would be hostile and pitiless. Just show us to the tables and roll out the beer.

HAWKS & HANDSAWS

My memory was wandering back to my army childhood – Sunday lunches in the officers' mess with great tureens of curry cooked to authentic Madras recipes, and oceans of side dishes, served by dusky men with white gloves. I described such feasts to one farmer sitting next to me. "They know how to feed you, do they?" he said. "Absolutely," I replied. "No one knows better." He growled contentedly. "There we are," he said. "For I am raring for my supper now!"

I wish I could describe properly the faces of those doughty farmers when the SAS officer invited them through to another room to enjoy the regimental hospitality. It was a tragic sight. On one ramshackle table were four cans of lager and a few warm bottles of white wine. On another ramshackle table lay several steel plates bearing cheese and tomato sandwiches. There may have been a bowl of crisps and, perhaps, a peanut or two.

I stayed only long enough to witness the bewildered disillusion settling upon the farmers and the prim disapproval of their wives (whose sense of etiquette is highly sophisticated). One or two of the prognathous ones scampered across and began shovelling the crisps. The others surveyed the paltry vittles with consummate gloom.

As I write this, the exercise is on, although that evening still rankles. But as I look over to the hills, a pleasant image of revenge comes into my mind. I see teams of lean, cheese sandwich-fuelled commandos scouring the sodden turf fruitlessly while their quarry are ensconced by cosy fires, surrounded by mountains of Welsh cakes and innumerable other benisons of local hospitality.

Pheasant at peasant's prices

***Jonathan Young** on the price of a bird in the hand*

SQUASHED piles of feathers leave no doubt that the pheasant has replaced the fat-bottomed pony and child as the main countryside road hazard in Britain. The nation's green and pleasant acres are home to two-thirds of the 30m of these gaudy fowl bred world-wide every year.

At this time of year, their numbers are being diminished. The leaves are off the coverts, the gundogs are off the leash and the shotguns are out of their slips. But it is a quiet affair compared with recent years. The heady days of the newly-breeked and Barboured property dealers bouncing down the lanes in convoys of Range Rovers are over.

Late in the 1980s, the starting price was £15 per pheasant shot – although most shoots were realising £17 and the best were charging £23. At that end of the market, bags of 300 pheasants were normal, priced at £6,900 split between eight shooters. Since each pheasant costs £11 to raise and put over the guns, there was a decent profit for landowners.

Gamekeepers were hired who could rear pheasants on poultry farm principles. Any farmland within 40 miles of London that could be turned into a shoot was leased, regardless of its topographical suitability. The result was a pheasant flying low and hugging the contours, despatched as efficiently with a squash racket as a gun.

When the property market crashed and new money disappeared, there was no option but to try to recoup capital.

The classified pages of the *Shooting Times* are crammed with pheasant days for sale. The asking price per bird varies but not the economic reality. "For those days that remain unlet, an offer of £10 per bird will be very hard to refuse on most estates," says Jonathan Kennedy, partner in charge of the sporting department at Humberts, estate agents.

Since it now costs £15 to rear each bird, you are unlikely to find such bargains next year. This should not, however, depress those with a penchant for a well-hung pheasant on the table. The supply will always outstrip demand.

While Harrods, the London department store, demands £11 a brace for its birds, the same number of Her Majesty's finest oven-ready pheasants, shot by the great and the good, are yours (oven-ready) for £6 from Windsor Great Park. The Duke of Roxburghe is absurdly reasonable: £2 for a brace from Floors Castle in the Scottish borders, which is £3.50 cheaper than the Duke of Devonshire's from Chatsworth in Derbyshire.

Why does a pheasant have such a luxury reputation but fetch less than the price of a hamburger at the shoot? Essentially, because it is a by-product. Its real value is when it is only a speck in the sky, testing the shooter's accuracy.

Of course, if the British cook appreciated a bird that had lower cholesterol, better flavour and higher kudos than a chicken, the price would rise. But we are put off by the disconcerting way they are presented in butchers' shops, fully-clothed and, as one game-dealer put it, "riddled with shrapnel." The lead pellets may add a frisson of excitement to dinner parties but they cause havoc in the microwave. And although a brace may be cheap from the shoot, they quickly regain their luxury price tag in the high street.

The discrepancy between prices at the shoot and in the shops is partly to do with new attitudes. Maureen Paul, of D.J. & J.M. Paul of Burghclere, a game dealer near Newbury in Berkshire, explains: "Shoots are releasing their birds far later, in July rather than May, and so are shooting smaller, poorly-feathered birds. And the shooting isn't what it used to be. We used to get about three or four birds per thousand that were badly-shot; now, it's a barrow-load."

Rather than spend time grading birds, the shoots are paid a lower price. They blame the game dealer who, in turn, is trying to create a marginal profit from the retail poulterers – who also find attitudes are changing. "The British just don't know how to cook game any more," laments one butcher at nearby Twyford. The British Field Sports Society is trying to overcome this by promoting a game marketing board.

Game consumption does need encouragement. Home freezers remain full from last year when the French market, the traditional outlet for British game, was swamped with Hungarian and Czechoslovakian pheasants, shot in their countless thousands by enthusiastic Continentals and imported by lorry.

Still, British shooters do their best. A runaway publishing success in country circles last season was *Ninety-Seven Ways To Cook A Pheasant*, published by Crowood Press. Kind hosts at mid-season dinner parties refrain from suggesting a 98th and just serve lamb or beef.

■ *Pheasant suppliers (all prices are per brace for pheasants collected in the feather unless stated otherwise): Great Windsor Park, £4, £6 oven-ready, tel. 0753-850-596; Chatsworth Estate Farm Shop, £5.50, £6.50 oven-ready, 0246-583-392; Floors Castle, Kelso, Scotland, £2, 0573-24876; Broadlands Estate Office, Romsey, Hampshire, price to be fixed, 0794-517-888; Weston Park Estate, Weston-under-Lizard, Shropshire, £2.50, £4.50 oven-ready, 095276-232; Ugbrooke Park Estate Office, Chudleigh, Devonshire, £4, 0626-852-179.*